

questing that the Federal Government facilitate the reopening of the national banks in Bergen County, N.J.; to the Committee on Banking and Currency.

758. By Mr. LINDSAY: Petition of National Federation of Federal Employees, Local No. 4, Frank X. McMahon, secretary, favoring optional retirement of Federal employees; to the Committee on Appropriations.

759. Also, petition of National Customs Service Association, New York City, opposing the 30-year retirement bill; to the Committee on Appropriations.

760. Also, petition of Hudson Forwarding & Shipping Co., Inc., New York City, opposing the 30-year retirement bill; to the Committee on Appropriations.

761. Also, petition of Rubin Hochman, of Brooklyn, N.Y., favoring the 30-year retirement bill; to the Committee on Appropriations.

762. Also, petition of S. V. Fonner and Charles O'Brien, of Brooklyn, N.Y., favoring optional retirement after 30 years' service; to the Committee on Appropriations.

763. Also, petition of J. J. Regan, Flushing, Long Island, N.Y., favoring inflation program as proposed in amendment to farm relief bill, without any qualifications or amendments; to the Committee on Agriculture.

764. Also, petition of Tompkins-Kiel Marble Co., New York City, favoring the Goss bill; to the Committee on Expenditures in the Executive Departments.

765. Also, petition of Brooklyn Real Estate Board, Brooklyn, N.Y., approving the two billion home mortgage refinancing bill, S. 1317; to the Committee on Banking and Currency.

766. Also, petition of Dr. George J. Lawrence, commander American Legion, Department of New York, New York City, opposing elimination Veterans' Administration regional offices and discharging 6,000 employees; to the Committee on World War Veterans' Legislation.

767. By Mr. MEAD: Petition of Board of Supervisors of Erie County, New York State, favoring the Federal appropriation for the relief of home owners; to the Committee on Banking and Currency.

768. Also, petition of the South Buffalo unemployed, opposing the St. Lawrence Canal Treaty; to the Committee on Interstate and Foreign Commerce.

769. Also, petition of the South Buffalo unemployed, suggesting amendment to the Black bill; to the Committee on Labor.

770. By Mr. O'MALLEY: Memorial of the Legislature of the State of Wisconsin, urging the immediate reduction of appropriations for the enforcement of the prohibition law by at least one half, and to similarly reduce the number of prohibition agents and other Federal employees engaged in the futile attempt to enforce the prohibition law; to the Committee on Appropriations.

771. By Mr. RUDD: Petition of Tompkins-Kiel Marble Co., New York City, favoring the Goss bill; to the Committee on Expenditures in the Executive Department.

772. Also, petition of Dr. George J. Lawrence, commander American Legion, Department of New York, New York City, opposing the elimination of Veterans' Administration regional offices; to the Committee on Appropriations.

773. Also, petition of National Motorship Corporation, New York City, protesting against the passage of House bill 3348; to the Committee on Merchant Marine, Radio, and Fisheries.

774. Also, petition of National Motorship Corporation, New York City, protesting against the passage of House bill 4599; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

FRIDAY, APRIL 28, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Reynolds
Ashurst	Costigan	Kean	Robinson, Ark.
Austin	Couzens	Kendrick	Robinson, Ind.
Bachman	Cutting	Keyes	Russell
Bailey	Dale	King	Sheppard
Bankhead	Dickinson	La Follette	Shipstead
Barbour	Dieterich	Lewis	Smith
Barkley	Dill	Logan	Steiwer
Black	Duffy	Loneragan	Stephens
Bone	Erickson	Long	Thomas, Okla.
Borah	Fess	McAdoo	Thomas, Utah
Bratton	Fletcher	McCarran	Townsend
Brown	Frazier	McNary	Trammell
Bulkley	George	Metcalf	Vandenberg
Bulow	Glass	Murphy	Van Nuys
Byrd	Goldsborough	Neely	Wagner
Byrnes	Gore	Norbeck	Walcott
Capper	Hale	Norris	Walsh
Caraway	Harrison	Nye	Wheeler
Carey	Hastings	Overton	White
Clark	Hatfield	Patterson	
Connally	Hayden	Pope	
Coolidge	Hebert	Reed	

Mr. REED. I wish again to announce the absence of my colleague [Mr. DAVIS] on account of illness.

Mr. BACHMAN. I desire to announce that my colleague [Mr. McKELLAR] is detained from the Senate on account of the death of his brother, Mr. R. L. McKellar.

Mr. McNARY. I wish to announce that the Senator from Minnesota [Mr. SCHALL] is necessarily detained from the Senate.

Mr. LEWIS. I desire to announce the absence at the present moment of the Senator from Nevada [Mr. PITTMAN], occasioned by conferences at the White House touching matters international. He will be in the Senate shortly.

I desire to announce that the Senator from Maryland [Mr. TYDINGS] is necessarily detained from the Senate.

I also wish to announce that the Senator from Kansas [Mr. MCGILL] is necessarily detained from the Senate on official business.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the Journal for the calendar days of Tuesday, Wednesday, and Thursday, April 25, 26, and 27, was approved.

JUDGMENT AGAINST PAN AMERICAN PETROLEUM CO.

The VICE PRESIDENT. The Chair lays before the Senate the amendment of the House of Representatives to Senate Joint Resolution 13, and calls the attention of the Senator from North Dakota [Mr. NYE] to it.

The amendment of the House of Representatives to Senate Joint Resolution 13, authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co., heretofore duly entered, was, on page 3, line 3, after the word "laws", to insert:

Provided, That the authority herein granted is permissive only, and shall not be construed as a declaration of approval by Congress of the compromise herein authorized to be made, and that said authority shall not be exercised by the Attorney General unless in his judgment said compromise shall appear to him to be for the best interests of the United States.

Mr. NYE. I move that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

FUNCTIONS OF THE FEDERAL RADIO COMMISSION (S.DOC. NO. 46)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Radio Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions and activities conducted under the jurisdiction of the Commission, the statutory authority therefor, and the total annual expenditures thereon; also a list of employees receiving compensation of \$5,000 or

more per annum, which, with the accompanying papers, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from Wirt Franklin, president of the Independent Petroleum Association of America, Oklahoma City, Okla., praying that the entire program of recommendations for action by the Federal Government, agreed upon by the Committee of Fifteen, composed of representatives of 5 majors in the oil industry, 5 independents, and 5 oil-State Governors, be embraced in the provisions of one bill, as an emergency act, to rehabilitate the oil industry, which was referred to the Committee on Finance.

He also laid before the Senate two petitions and a letter in the nature of a petition from sundry citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate 5 memorials, 2 letters, and a telegram in the nature of memorials from sundry citizens of the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

Mr. FESS presented 150 letters from workers in the Air-Way Electric Appliance Corporation, of Toledo, Ohio, expressing appreciation to the Senator from Ohio [Mr. FESS] for his vote against the so-called "Black 30-hour week work bill", and stating that, under the conditions prevalent in Ohio, their interests can best be served by not limiting the employer and employee to "any unreasonable maximum" of working time, which were ordered to lie on the table.

He also presented a letter from F. Reibel, Jr., assistant to the president of the above-mentioned corporation, stating that any coercive methods were scrupulously avoided in connection with the above matter, and also that the officers of the company "as individuals share in the expressions of these 150 workers", which was ordered to lie on the table.

COST OF EDUCATING MIDSHIPMEN AT ANNAPOLIS

Mr. WALSH. Mr. President, as a member of the Board of Visitors of the Naval Academy, I have had occasion recently to have some correspondence with the Navy Department in reference to the cost of educating midshipmen at Annapolis. I think the information is informative and helpful. I ask unanimous consent that the correspondence may be printed in the RECORD and referred to the Committee on Naval Affairs.

There being no objection, the correspondence was referred to the Committee on Naval Affairs and ordered to be printed in the RECORD, as follows:

APRIL 14, 1933.

HON. DAVID I. WALSH,
United States Senate.

MY DEAR SENATOR: Pursuant to your request for data as to the cost of educating midshipmen at the United States Naval Academy, I am pleased to transmit herewith a copy of data prepared by the Superintendent of the United States Naval Academy under date of November 3, 1932, which presents the data as requested by you.

You will note that items (a), (b), (c), and (d) have no relation whatever to the number of midshipmen at the Naval Academy. On the other hand, items (g), (h), and (i) have a direct relation to the number of midshipmen at the Academy, and items (e), (f), (j), and (k) have also a relation to the number of midshipmen but do not vary directly in proportion to the number, as there is a certain overhead that must be maintained with a very small number of midshipmen, and this overhead does not increase proportionately with the number of midshipmen. The direct appropriation for the maintenance and operation of the academy, items (e) to (k), indicate that the cost of educating one midshipman during the fiscal year 1933 was \$1,862.09. This figure excluded items (a), (b), (c), and (d), but it does not represent the sum that could be deducted from the Naval Academy appropriation on account of a decrease in the number of midshipmen, for, as previously pointed out, it is necessary to maintain a certain overhead which does not vary proportionately with the number of midshipmen.

As you know, it is necessary that there should be a definite number of appointments allowed at the Naval Academy for each Senator and Representative. At present this number is three,

although there are three classes there which entered when Members had four appointments. The classes graduating in 1933, 1934, and 1935 are therefore much larger than the classes which will graduate subsequent to that time. Last year Congress passed a bill authorizing the commissioning of half of each class so long as the total number of officers was in excess of the number authorized by basic law. As a result there should be a gradual decrease in the total number of line officers, and by 1937 or 1938 the number should be reduced to 5,499. Three appointments a year should just about meet the attrition, that is, the losses that the Navy will suffer, and under any circumstances it will not be possible to commission any excess, and the Navy will thus have the pick of the graduates of the academy, and those who are not commissioned will form a most valuable reserve that would be available in time of war. Two appointments per year would not produce a sufficient number of graduates to meet the attrition which will normally pertain, and the Bureau feels that the number of midshipmen at the Naval Academy should not be reduced below the present number of three for each Senator and Representative.

Commander Shafroth will personally deliver this letter and will be prepared to discuss the matter further with you, if you so desire.

Very truly yours,

F. B. UPHAM.

UNITED STATES NAVAL ACADEMY,
Annapolis, Md., November 3, 1932.

From: Superintendent.

To: Chief of Bureau of Navigation.

Subject: Cost of educating a midshipman.

1. In compliance with verbal request from the Bureau of Navigation, there is submitted herewith a statement covering the cost of educating a midshipman.

(a) Interest on cost of buildings, grounds, docks, sea wall, etc., at 4 percent.....	\$608,377.36
(b) Depreciation on buildings, etc., at 1 percent.....	152,094.34
(c) Station ship, pay of officers, enlisted personnel, and general stores.....	895,340.38
(d) Salaries of executive officers, medical staff, officer instructors, and administration.....	1,404,515.85
(e) Maintenance and repairs.....	940,000.00
(f) Current and miscellaneous expenses.....	79,700.00
(g) Transportation and mileage of candidates.....	14,057.40
(h) Pay of midshipmen.....	1,366,362.97
(i) Rations of midshipmen.....	435,534.35
(j) Civilian instructors.....	284,130.00
(k) Commissary and laundry.....	184,654.15

Minus items (a) to (d)..... 6,364,766.80
3,060,327.93

Items (e) to (k)..... 3,304,438.87

Average number of midshipmen, fiscal year 1933..... 1,727

Cost of educating one midshipman, fiscal year 1933 (based on items (a) to (k), inclusive):

Including impound..... \$3,685.44
Excluding impound..... \$3,568.12

Cost of educating one midshipman, fiscal year 1933 (based on items (e) to (k), inclusive):

Including impound..... \$1,913.40
Excluding impound..... \$1,862.09

REPORTS OF COMMITTEES

Mr. THOMAS of Oklahoma, from the Committee on Appropriations, to which was referred the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes, reported it with amendments and submitted a report (No. 48) thereon.

Mr. BRATTON, from the Committee on the Judiciary, to which was referred the bill (S. 1131) to amend the probation law, reported it with an amendment and submitted a report (No. 49) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BULKLEY:

A bill (S. 1542) for the relief of sundry building and loan associations; to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 1543) to amend an act entitled "An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes", approved July 1, 1902, and amendments thereto, and for other purposes; to the Committee on the District of Columbia.

By Mr. SHEPPARD:

A bill (S. 1544) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department (with accompanying papers); to the Committee on Claims.

By Mr. REED:

A bill (S. 1545) for the relief of Edward F. Smith; to the Committee on Naval Affairs;

A bill (S. 1546) granting a pension to Clara Dempsey; and

A bill (S. 1547) granting a pension to Anna E. Spence; to the Committee on Pensions.

OWNERSHIP OF STOCKS AND BONDS BY MEMBERS OF CONGRESS AND FEDERAL EMPLOYEES

Mr. FRAZIER. Mr. President, I ask unanimous consent to introduce a joint resolution relating to ownership of stocks, bonds, and so forth. I have introduced a similar resolution in 2 or 3 Republican Congresses and made no progress with it. I wish to try it again in a Democratic Congress. I ask that it be referred to the Committee on Finance.

The VICE PRESIDENT. The joint resolution will be received and referred, as requested.

The joint resolution (S.J.Res. 46) relating to ownership of stocks and bonds of industrial, railroad, mining, banking, shipping, oil, and other corporations, firms, and partnerships by Members of the Senate and House of Representatives of the United States of America and by employees of the Federal Government and their relation to such corporations and firms, was read twice by its title and referred to the Committee on Finance.

ASSISTANT CLERK TO THE COMMITTEE ON PATENTS

Mr. WAGNER submitted the following resolution (S.Res. 63), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Patents hereby is authorized to employ an assistant clerk to be paid from the contingent fund of the Senate at the rate of \$2,400 per annum during the Seventy-third Congress.

PERSONAL EXPLANATION

Mr. REED. Mr. President—

The VICE PRESIDENT. When the Senate took a recess last evening the Senator from New York [Mr. WAGNER] had the floor.

Mr. REED. Will the Senator from New York yield to me for a statement in the nature of a question of personal privilege?

Mr. WAGNER. I yield.

Mr. REED. Mr. President, in this morning's Philadelphia Ledger, and, possibly in other newspapers, there is a long account of an open letter which purports to have been written to me by a Philadelphia lawyer named Newbold, reproaching me with having taken part in organizing an institution called "The Republican Associates", or some such name. Mr. Newbold is no more concerned, apparently, with the proprieties than he is with the facts, and so he publishes his letter before I actually have received the original copy.

Mr. President, not only did I have nothing to do with the organization of any such institution as "The Republican Associates", but I have no knowledge of its purposes other than as statements have been published in recent days, with a list of its officers. Not only had I nothing to do with its organization, but I have not been invited to join it, and, so far as I have any knowledge of it, I have no desire to receive such an invitation. I am perfectly content to remain an ordinary Republican, and do not desire to join any clique or faction within the party.

DEGREE OF BACHELOR OF SCIENCE FOR NAVAL ACADEMY GRADUATES

Mr. WALSH. Mr. President, in behalf of the Senator from Florida [Mr. TRAMMELL], Chairman of the Committee on Naval Affairs, and myself, I ask unanimous consent for the immediate consideration of Calendar No. 20, the bill (S. 753) to confer the degree of bachelor of science upon graduates of the Naval Academy.

Let me say in explanation that one half, or about 150, midshipmen are to graduate within a month from the Naval Academy who will not be commissioned and will be forced to enter civil life. This is the first instance of this unfortunate happening. Unless this measure is passed by the Senate and House promptly they will not have the benefit of its provisions which provide for the conferring of the degree of bachelor of science. It is recommended by the Navy Department and approved by the educational institutions of the country, which pass on the general educational standing of the several colleges.

The VICE PRESIDENT. Is there objection to the request of the Senator from Massachusetts?

Mr. BORAH. Mr. President, may I ask the Senator from Massachusetts if this is an emergency measure?

Mr. WALSH. It is decidedly so in the opinion of these disappointed graduates.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Superintendent of the United States Naval Academy may, under such rules and regulations as the Secretary of the Navy may prescribe, confer the degree of bachelor of science upon all graduates of the Naval Academy.

REMOVAL OF LIMITATIONS ON NATIONAL BANKS

Mr. BULKLEY. Mr. President, I ask unanimous consent for the immediate consideration of Calendar No. 45, the bill (S. 1415) to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. McNARY. Mr. President, is that the measure referred to yesterday by the Senator from Ohio to which I then made objection?

Mr. BULKLEY. This is the bill which I explained yesterday and which the Senator from Oregon asked to have go over.

Mr. McNARY. I did so until I could confer with some other members of the Committee on Banking and Currency. I am advised that they have no objection; in other words, they approve it. I have no objection to the present consideration of the bill.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 5200 of the Revised Statutes, as amended, is amended by adding at the end thereof the following new paragraph:

"(9) Obligations representing loans to any national banking association or to any banking institution organized under the laws of any State, or to any receiver, conservator, or superintendent of banks, or to any other agent, in charge of the business and property of any such association or banking institution, when such loans are approved by the Comptroller of the Currency, shall not be subject under this section to any limitation based upon such capital and surplus."

Sec. 2. Section 5202 of the Revised Statutes, as amended, is amended by adding at the end thereof the following new paragraph:

"Ninth. Liabilities incurred on account of loans made with the express approval of the Comptroller of the Currency under paragraph (9) of section 5200 of the Revised Statutes, as amended."

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment of the Senator from Indiana [Mr. ROBINSON], as modified, to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. WAGNER. Mr. President, in as brief a manner as possible I desire to explain my vote on the Thomas amendment. It seems to be one of the characteristics of every

debate on a currency proposal that it arouses in some the hope of the millennium and in others the forebodings of ruin.

In my opinion, there is no mysterious quality in gold nor any magic in bookkeeping which can make a nation suddenly rich or poor, as by the rubbing of Aladdin's lamp. Since 1792, when Congress first defined the gold dollar, to this day our monetary system has gone through various stages and we have enjoyed prosperity and suffered depression alike in each of those stages. It is safe to assume that the pending amendment will not accomplish all the miracles which some of its advocates proclaim, and I am certain it will not spread the general havoc which its opponents profess to dread.

It is not unusual in the consideration of an important proposal that they who oppose it should seek to condemn it in the eyes of an indiscriminating public by fastening to it an unpopular name. On this occasion the charge of inflation has been hurled against the entire amendment. Mere words, however, have ceased to frighten people who have already suffered the agonies of 4 years of depression. Particularly, I may say, the public is quite immune to the threats uttered by the discredited doctors of despair who in the past administration watched the Nation grow weak and faint under their eyes and almost permitted it to perish. It seems to me that the cry of inflation comes with rather poor grace from the very men who fathered and nursed the most frenzied inflation this country had ever witnessed and impoverished our people not through the relatively slow processes of the printing press but of the much faster ticker tape.

Let us keep before our eyes, Mr. President, the compelling fact that we are not debating this question as an exercise in abstruse economics. This amendment is pending here today because millions of citizens, residing in every State of the Union, have seen their endeavors of a lifetime rendered valueless, their businesses collapse, their homes foreclosed, their jobs vanish. They demand relief from the tortures of prolonged persistent and relentless depression.

Sometime I speculate on the strange paradoxes which enter into the problem we are now considering. The United States today holds \$4,313,000,000 in gold, more in fact than it has ever had. Despite this great hoard of precious metal the United States is off the gold standard.

Money in circulation amounts to \$6,068,000,000, an amount which is \$643,000,000 more than a year ago and almost a billion and a half more than the total outstanding at the height of the 1929 boom. Despite this apparent plenitude the demand throughout the country is for more currency.

Each of the countries of the world, including our own, is encircled by tariff walls of a height hitherto undreamed of, all designed to stimulate their industries and raise prices for their domestic producers. But prices today are lower than ever, profits have disappeared, and enterprise is almost completely paralyzed.

Underneath these apparent paradoxes is a well overflowing with human tragedy washing away standards of living, dissolving the values civilization has painfully created, spreading everywhere the spirit of rebelliousness against an order of things which makes the prevailing cruelties possible.

The men, both in and out of this Chamber, who advocate inflation are not interested, as I see it, in currency for its own sake. They are concerned with prices. They see no hope of recovery as long as prices continue to decline, and they propose to check that decline and to reverse the downward course of prices by dealing directly with the measure of value. Whether we approve or disapprove of the means selected in the pending amendment, it seems to me to be clear beyond dispute that the objective of obtaining a rise in the price level at the present time is altogether sound. In truth, until I listened to the extraordinary remarks of the Senator from Pennsylvania on last Friday, I had not heard the proposition seriously questioned.

To me it seems self-evident that no more invigorating tonic could today be administered to ailing business than the assured prospect of rising prices. It is the basic prem-

ise of any action for recovery. The only question open to debate is whether the method chosen in the pending amendment is well calculated to accomplish its purpose.

It has long been my conviction that the only kind of price rise which is productive of prosperity is that which has its origin in an effective demand for commodities created through the resumption of investment and restoration of employment. It is for that reason that I have continuously advocated the initiation and stimulation of sound projects, both public and private, which would create a demand for commodities, open opportunities for employment, and necessarily enlarge the requirements of credit. In the light of these general principles I propose briefly to consider the Thomas amendment.

Four separate proposals were combined in that amendment as originally presented. Not one of them is mandatory. Whether any one or more is to be put into operation is left to the discretion of the President.

The significant fact, it seems to me, is that neither the "open-market" section nor the silver provision, nor even the so-called "greenback" provision involves any sharp departure from the currency policy of the United States as now expressed by law.

Mr. KEAN. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from New Jersey?

Mr. WAGNER. I yield.

Mr. KEAN. I should like to ask the Senator whether he does not think that the capital levy, which is practically the first proposal of the amendment, is not a departure from anything we have ever had before?

Mr. WAGNER. I do not think it is a capital levy at all.

Mr. KEAN. May I explain what I mean?

Mr. WAGNER. The Senator may do that in his own time, but not in my time. I have heard the argument made, and I think it is very unsound.

Open-market purchases of United States obligations by the Federal Reserve banks are not only permissible under existing law but have at times been extensively used. Today the Federal Reserve banks hold \$1,837,000,000 of such securities. In this regard the amendment does no more than authorize the means whereby assurance can be had that if an open-market operation is initiated it will be seen through to a degree which may make it effective. The Reserve banks are, of course, private institutions. No attempt is made to coerce them. The amendment facilitates open-market operations, should the banks agree to enter upon them, and it proposes an alternative course of action should agreement fail.

Even the so-called "greenback section" is not the unbridled recourse to inflation which some would have us believe. Three important safeguards have been established which sharply differentiate it from printing-press money: First, the National Budget will be balanced and this currency is not to be issued for the payment of current expenditures. Second, the use of these notes is strictly limited to the retirement of the interest-bearing obligations of the United States, so that every dollar put out into circulation is not a net addition to the currency, but a substitute for a Federal Reserve bank note that might otherwise be issued. Third, the United States notes must be retired from circulation within 25 years. The funds for their retirement can come only from taxes. Under these circumstances it seems to me rather fanciful to raise the alarm, to shout inflation, and to point a shuddering finger at the German experience.

Mr. COUZENS. Mr. President, will the Senator yield there?

Mr. WAGNER. Yes.

Mr. COUZENS. What would the Senator say as to the effect which the adoption of the Robinson amendment would have upon that section of the bill? In other words, the Senator from Indiana has a proposal to give to the President power to pay the soldiers' bonus out of the \$3,000,000,000. Should that amendment be adopted, of course, that would destroy the section of the bill to which the Senator is referring.

Mr. WAGNER. Undoubtedly; and that is why I am going to vote against that amendment.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. WAGNER. Yes.

Mr. NORRIS. It would destroy it only to the amount of the issue of currency necessary to pay the certificates.

Mr. WAGNER. Yes; that is true. That, however, is a very large sum.

Mr. NORRIS. That would be somewhere in the neighborhood of two billion.

Mr. WAGNER. Yes; and the limit of issuance of currency here is three billion.

Mr. COUZENS. Mr. President, will the Senator yield further?

Mr. WAGNER. Yes.

Mr. COUZENS. Of course, it would leave very little over the payment of the soldiers' bonus for the purpose of retiring outstanding Government bonds.

Mr. WAGNER. Of course—practically an insignificant sum, in my judgment.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Idaho?

Mr. WAGNER. Yes.

Mr. BORAH. Does the Senator think that under the greenback provision, as it is generally referred to, there is very great opportunity to get this money out among the people?

Mr. WAGNER. Yes; I do.

Mr. BORAH. When Government obligations are paid off, those who hold the Government obligations will put the money they get back in the banks.

Mr. WAGNER. And the banks will loan it out.

Mr. BORAH. Yes; the banks will loan it out according to the practice of the last year and a half. [Laughter.]

Mr. WAGNER. Mr. President, we ought not, after all, to judge this provision as if it were the first change in our currency system since the enactment of the Federal Reserve Act. Under the Glass-Steagall Act, the Borah amendment to the Home Loan Bank Act, and the emergency banking legislation of the present session, the amount of currency that may issue is virtually limitless. The power is now lodged in the Federal Reserve banks to issue currency not only against gold and eligible paper but against Government bonds and any and every type of collateral. All that is proposed in the sections of the amendment which I have considered is that a policy which is now permissible under the law shall, in the discretion of the President, be put into effect.

The direct effect of these steps would be to increase bank reserves, and thus to exert a powerful force for the liberalizing of the lending policies of the banks. If that effect is achieved, it will stimulate enterprise and promote employment. I do not close my eyes to the dangers of overexpansion, but these are dangers which can be guarded against, and the Banking and Currency Committee amendment provides the means—an amendment—by the way, offered in the committee by the ex-Secretary of the Treasury, the junior Senator from California [Mr. McAdoo]. In comparison, the dangers of doing nothing are infinitely greater.

I return now to the third provision of the amendment, the section looking to the revaluation of the dollar.

There can be no question that it is that section of the amendment which has caused the greatest concern in this Chamber. I confess that I myself have felt grave doubts of its desirability. After considerable deliberation, however, I came to the conclusion that the doubts must be resolved in favor of the legislation.

We do not, by this provision of the amendment, undertake to fix the details of the action to be taken with respect to our national currency. This amendment is a broad grant of power. It lodges responsibility in the President. I am quite convinced that we are far more likely to secure wise action if that power be not restricted and not confined to narrow channels. The situation today is universally recognized as an emergency. No one knows at this moment what

may be required of us next week. None of us here has that prophetic knowledge to enable him to speak with finality of the future. This is not the time to tie the hands of statesmanship.

The VICE PRESIDENT. The time of the Senator on the amendment has expired.

Mr. WAGNER. I will speak on the bill.

Attention has been called to the fact that business would be subjected to some uncertainty until it was known whether the President would exercise this authority and to what extent he would exercise it. Mr. President, business cannot possibly be subjected to more uncertainty than confronts it today. The knowledge that the President is endowed with the broadest charter of powers to promote the recovery of American economic life is not a source of uncertainty but of confidence. I have unlimited faith that with the powers conferred upon the President in this legislation he will act wisely, patriotically, and in the interest of the people of the United States. The American people share that faith—and it is only in an atmosphere of confidence that recovery can thrive.

Mr. President, I have avoided the question of the merits or demerits of the ultimate modification of the gold content of the dollar. It seems to me futile to consider that question in the abstract. Like armament, like tariffs, so gold ratios have primarily an international significance; and the meaning and value of any action taken in respect of them depends, in the last analysis, upon whether the action is taken through international cooperation or competition.

Currency debasement practiced by an individual nation has precisely the same effect as the tariff. It means the importer must pay more in terms of his domestic currency. It is wider than a tariff, because it applies to the free list as well as to the dutiable list. Necessarily it involves a reduction of imports; and the invariable consequence of that has always been a reduction of exports.

The gold standard has broken down not because of any inherent deficiency but because of the intense economic nationalism which has been madly raging throughout the world. The gold standard was an international standard. It fitted into a world of international trade. It could not work—it had no purpose, in fact—in a world gone mad with competitive tariffs, embargoes, quota systems, and exchange controls.

We have reached the point where an important decision must be made—a decision far more important than simply one affecting our domestic currency. Today all of the nations of the world are rapidly dragging each other down to lower and lower levels of poverty. Abandonment of the gold standard, revaluation of gold, inflation of paper currency, expansion of credit—these are at best temporary protective devices in a world of shrinking opportunities. Of themselves they cannot restore that necessary international economic cooperation which the world requires for its prosperity and peace. In my judgment, the fate of civilization as we know it depends upon the degree of economic disarmament which the World Economic Conference accomplishes.

Mr. BORAH. Mr. President, I observe this morning another warning has been sent to the people of the United States, urging that they bring in their gold and advising them that criminal prosecutions will be instituted if they do not do so.

Mr. President, as I understand, we are off the gold standard; and I do not understand why American citizens should be harassed and threatened with criminal prosecution for refusing to return their gold when we as a nation are off the gold standard. Is it consistent to put men in the penitentiary for keeping that which the Government has rejected? It is difficult for me to understand why that policy is being pursued. More difficult than that, however, is it for me to understand the right of a government to insist upon its people bringing their money and depositing it in banks and other places where there is no security and no safety and no assurance that they will ever get it back.

If the Government is going to insist that the people bring in their money, the Government ought to provide a safe place for them to deposit it, and assurance upon the part of the Government that when they want it they can get it.

Suppose the head of a family, contemplating the uncertainties of the future financially and economically, has preserved and has placed where he thinks it is safe a certain amount of gold or a certain amount of gold certificates and has, in a sense, provided it as an insurance against adversity and unfortunate days: Why should the Government insist that he bring it in and put it in banks that may fail? The ordinary rights and privileges of the people are rapidly disappearing.

If the Government is not prepared to say that deposits in banks are to be guaranteed and made safe, I think it is unfair and unjust and, moreover, unconstitutional, to insist that people bring in their money and put it in unsafe places.

If we are going to pursue the policy of punishing those who see fit to save, in their own way, against an unfortunate day, it is the highest duty of the Government to guarantee bank deposits; and I venture to say that only through such a program will this money ever be gotten out of hoarding or out of hiding. I am now speaking of guaranty of bank deposits in relation to this demand that the people bring in their money and put it in the banks. I regard this demand in the light of the present attitude of the Government as cruelly unjust. I know the Government is interested in having this money circulate, but it is, or should be, interested in protecting the earnings and savings of the people. The people should not be driven to take all the risk and suffer all the loss.

We have in this country at the present time, something like \$8,000,000,000 of bank deposits tied up in closed banks. One of the most effective ways by which we could provide for inflation on the basis of equity and justice would be for the Government to take over these deposits and pay the depositors. It would put in circulation some four or five billion dollars which would go immediately into the pockets of the people, and among those who most need this money. It would get the money out among the people.

In view of the experience of the people during the last few months—and \$5,000,000,000 of this money has been frozen since the 1st day of March—what right has the Government to ask the frugal citizen who may have his money in his sock or in a safe-deposit box to remove it and put it in banks where there is no security behind it?

So far as I am concerned, Mr. President, if I had \$5,000 in gold, I would defy the Government to come and get it, unless and until the Government had provided a safe place for me to deposit it. This is still a free Government and under a free Government the people are entitled to fair treatment. I deny that the Government has the constitutional power to punish me for using my own in a way which is in the best interest of those for whom I must care.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. JOHNSON. Has the Senator investigated at all the power of the Government to require any such deposit by its citizens of gold they may have on hand—that is, I mean, the legal power? The morals of the situation the Senator has well expressed.

Has the Senator investigated, and has he reached any conclusion as to whether or not the Government has the power to say that a man with a few thousand dollars' worth of gold must deposit it in some bank, or be stamped as a criminal, and tainted the remainder of his life?

Mr. BORAH. Mr. President, I have investigated it, and I am glad the Senator asks the question. I do not think the Government has power to prosecute me for putting my money in a place where I think it most safe to put it. I think we are proceeding under a pure threat, and we have no authority except the authority which rests on the fact that the people fear to come in conflict with the Government.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. FESS. I had assumed that there had been some legislation authorizing this. I do not remember that there was, but I cannot understand why there should be any such procedure unless there was such legislation.

Mr. BORAH. Of course there is legislation; but what authority have we for passing such legislation?

Mr. FESS. I do not recall what the legislation is.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. JOHNSON. The legislation possibly is the banking law, which first we passed here, which not only had certain restrictions in it but which as well ratified, approved, and confirmed all that had been done prior to that time, and one of the things done, I think, was the issuance of a demand that gold be deposited under certain conditions.

Mr. FESS. That was the emergency bill.

Mr. BORAH. That was the first violation of the Constitution this session. That was the beginning, the end of which is not in sight.

Mr. COSTIGAN. Mr. President, will the Senator yield to me?

Mr. BORAH. I yield.

Mr. COSTIGAN. Is it not true that the Government does in substance guarantee deposits in the Postal Savings banks of the country?

Mr. BORAH. To a limited extent.

Mr. COSTIGAN. To the extent of limited deposits; yes. Is not the real question which confronts us, then, whether the guaranty shall be of deposits under Government control, or in private institutions without effective safeguards? Does the Senator from Idaho favor the guaranty of all bank deposits, regardless of whether the banks are sound or unsound?

Mr. BORAH. Mr. President, while this emergency exists I would favor a guaranty of bank deposits. I do not know that I would favor it as a permanent policy. I would unhesitatingly favor it so long as the Government is demanding that the people bring their money out and put it in the banks, because at this time the people do not know what bank is safe and what bank is not safe. The earnings of the people must be made safe.

I go further and say that the Government is now under a moral obligation to take care not only of the deposits which have been frozen of late, but the deposits which may be made in the future. Every effort has been made, persuasive and otherwise, to induce the people to place their money in the banks. We have been told that it is necessary for the preservation of our financial system that they do so. Shall the people do so, in view of past experience, without having some guaranty from the Government which insists upon their doing so? It is unfair, unjust, and I think, furthermore, unconstitutional; but the latter proposition is not very important apparently.

Mr. HASTINGS. Mr. President, does the Senator think that the citizen would be compelled even to take the guaranty of the Government and give up that which he holds?

Mr. BORAH. I had not thought about that. I am thinking of the citizen who would cooperate with the Government if the Government would assume its proportion of the responsibility in case there were an accident after the deposit was made.

Mr. REED. Mr. President, will the Senator permit an interruption?

Mr. BORAH. I yield.

Mr. REED. It seems to me that when one speaks of a temporary guaranty of bank deposits he ought to consider the possibility of ending that temporary guaranty. It seems to me that if we authorized a temporary guaranty we never could take it off, because the day before we tried to take it off, the banks would be exposed to such a run that it would break half of them. I do not believe we could enter upon the plan without intending to make it permanent.

Mr. BORAH. If it were necessary to make it permanent in order to make it effective, I would favor making it permanent; but, in my opinion, we could deal with it as an emergency proposition, the same as we are dealing with other

things as emergency propositions; and in ordinary times, after conditions have been reestablished on a firm basis, the people would have no occasion for making runs upon the banks. There would not be that fear which exists at the present time and which has existed for the last year and a half or 2 years. I am of opinion that it would be, to limit it; but I certainly would not ask the people to bring their money out and put it into banks unless the Government is willing to make them safe in doing so, and I venture to say they will not do it.

Mr. KEAN. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. KEAN. I should like to ask the Senator this question: Suppose the Senator has \$100 in \$20 gold pieces and deposits it in the bank today, and this amendment is enacted, and the President changes the gold content so that the dollar would be worth 50 cents. The people who deposited that money as of today have made, in the rise of exchange, 13 to 14 percent, but if that happens they will lose 50 percent of their money.

Mr. BORAH. Mr. President, I understand what the Senator is driving at.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. FESS. The interest in the matter of the guaranteeing of bank deposits seems to be growing Nation-wide, and I am coming to the conclusion that something will have to be done; but the question of how broad it is to be, whether it is to include the banks which would stand an investigation and be pronounced sound, and would exclude the others which would be pronounced unsound, is one that must be seriously considered.

Mr. BORAH. Of course, when we came to the details as to what the measure of guaranty should be, that would be a matter of discussion and debate and the exercise of judgment; but what I am contending this morning is that if we are to insist upon the people putting their money in the banks the Government ought to secure and guarantee their repayment.

Mr. FESS. I am in full agreement with that.

Mr. BORAH. I am led to say these things this morning by reason of this news item, although I have been thinking of the matter for days. A man wrote me he had gathered together sufficient, he thought, to carry his family through this emergency, as he believes, and he is called upon now to put his money into a bank. Next week he may be utterly a pauper by reason of doing so. Either the policy should be entirely changed and the citizen should be left unmolested, unthreatened, and unembarrassed to pursue his own course, or the Government should guarantee that when he puts his money in a bank he can get it out.

Mr. FESS. I am of the opinion that some form of guaranty will have to be resorted to; otherwise there will not be sufficient confidence on the part of the people to get money into the banks.

Mr. BORAH. We are asking the people to have confidence in the Government, and to have confidence to do this and to do that. Should not the Government now exhibit some interest in the people's security?

Mr. DILL. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. DILL. I want to call the Senator's attention to the fact that money up to a limited amount may be deposited in the Postal Savings bank and the Government does guarantee the deposit.

Mr. BORAH. That is, to a limited amount.

Mr. DILL. Up to as much as they accept, they guarantee. I remind the Senator that I have been making some effort for the past few years to have the Postal Savings banks opened to checking accounts, so that people could and would use them.

Mr. BORAH. I am familiar with the Senator's effort, and, as a general principle, am sympathetic with it; but there is considerable objection to that, for the reason that the banks claim that it would be undermining the banks.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The Senator's time on the amendment has expired.

Mr. BORAH. I will reserve my time on the bill.

Mr. DILL. Mr. President, I just want to say, in response to what the Senator from Idaho has just stated, that the matter could be handled very simply so that the banks would still have all the money passing through their hands which they now have, if, when the money were presented to the Postal Savings bank, and designated as a checking account, the checks could be used on the bank where the Postal Savings bank keeps its money, and therefore it would not be necessary to set up a new clearing house or have additional clerks employed by the Government. I submit that unless we are to make the banks of this country safe, at least for the small depositors, then the Postal Savings bank ought to be made available to the small depositors as a safe place for their money.

I am in full sympathy with everything the Senator has said about the policy of compelling people under fear of punishment to bring their money into a bank when there is no assurance that it will not be lost in a bank failure within a few weeks.

Mr. NORRIS. Mr. President, while it does not have anything directly to do with the pending amendment, the subject which has been discussed for the last 15 or 20 minutes is exceedingly interesting, and very important, in my judgment.

I do not believe that the Government of the United States, even though backed up by a legislative enactment authorizing it, has any right, or that any law passed by Congress can give any right to anyone, to require any citizen to deposit his money anywhere, whether it is gold or any other kind of money. It has no right, as a matter of law, and I think as a matter of morals also, to do that, even though it orders the money put in a place where the Government itself guarantees its repayment. The principle of law is just the same, I think, whether the place where the citizen is required to put his money is safe or unsafe. That does not enter into the legal proposition at all, as I see it.

Mr. President, we are all interested in the money of the country being in circulation as much as possible. We are all interested in having money deposited in the banks or other institutions where the business of the country can be freely carried on. Whether we call it a guaranty or whether we call it an insurance of deposits, in my opinion, perhaps after we have regained prosperity, we are going to find it necessary to pass some such law. Not within the lifetime of any man or woman who lives now will we be able to drive out of the minds of the people the fear of the loss of their money, even though they are depositing their money in a bank that is properly run, honestly carried on, and financially sound, because, though I am not criticizing the order, and I think the President was justified in making it, we have found in recent days that the right to get one's money out of a bank does not necessarily depend upon the bank being sound, does not depend even upon the wishes or the desires of the men who are operating the banks. The recent moratorium closed all the banks.

The citizen leaves his money in a bank because of confidence, and a belief that when he wants it he can go and get it without notice, that he can draw a check on it, and that when the check is presented to the bank it will be honored in full, if the depositor has the money there to meet it. No matter how patriotic we may be, no matter how anxious we may be to carry on that system, when we know that there is a possibility of our being unable to get our money out of a bank, regardless of the bank's fidelity, its stability, or its financial standing, there never will come back, until the history of the present is entirely forgotten, the confidence necessary to maintain a banking system in the country which will perform the functions performed by the banks in the past, unless some additional assurance can be given that will bring about confidence in the depositors that they will be able to get their money at any time they want it. Nobody is to blame for it, so far as I know; I am

not finding fault with anybody or with any order which has been made, but I am presenting, Mr. President, what I believe to be an actual fact, that unless there shall be enacted a law which will give to the depositor the confidence, necessary in any system of banking, that he can get his money when he wants it, we never can go on in the future, within a great many years, at least, as we have done in the past, because we realize what has happened.

I desire to digress to say, Mr. President, that while under proper restrictions and limitations I believe it is going to be necessary for some law of that kind ultimately to be passed, I would not now favor a law—it seems to me it would be unthinkable to pass a law, for instance, that would guarantee deposits in the banks that are at present closed, or in the banks that are now open, except under a provision that would require complete supervision of every bank that enjoyed the benefit of the insurance or the guaranty of deposits.

We, as a government, could not afford, and no insurance company could afford as a corporation, to guarantee the deposits in any bank unless we had some supervision, some control, over the activities and the methods of doing business of that bank. Some provision of that kind, it seems to me, must be contained in any law designed either to guarantee or insure deposits, much as such a condition is desirable to bring about the confidence that is necessary to keep in circulation the money which ought to be deposited in banks and which ought to be subject to check.

In my judgment, the public ought not to concern itself with a guaranty of time deposits, for instance. I do not believe we ought to guarantee a contract made between a bank and a depositor by which the depositor is going to get interest on his deposit. It is a contract, perfectly legitimate and perfectly proper; but the Government, for the protection of the people, as I look at it, has no more right to guarantee payment under such contracts than it has the right to guarantee the payment of a loan made by one individual to another. We are interested as a people, the Government is interested, unless we devise some other way of conducting business, that the banking institutions of the country should be open and that the people should have enough confidence in the banking institutions so that they would not be afraid to deposit their money in the banks. The public has that interest; it is our method of doing business; and until we devise a better one it will continue to be the method of doing business. So the Government, as a whole, has an interest in the solvency of every bank and in keeping the banks in such condition that they will be able to pay the money which is deposited in them and which is subject to check. It is the money which is deposited and is subject to check which, under our system, the banks keep in circulation; and so long as we have that system the Government itself, and every State government and every individual in the country, whether they have money in banks or not, have a direct interest in the security of the deposits of the banks; and unless they have that confidence we shall never be able to go back and do business on the same basis on which we have done it in the years that have passed.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. NORRIS. I yield.

Mr. VANDENBERG. Justifying the statement the Senator is making, it is of interest to note that the total bank clearances of the country in a normal year are about \$800,000,000,000. When we compare that with the physical currency we have, we immediately realize the vital importance that bank credit currency and exchange have in the transaction of our business. Since they all rest upon banking confidence, it seems to me that the Senator is wholly justified in laying down the proposition that there will be no recovery until we have built a solid concrete foundation under the banks of the Nation, so that depositors may have every right to believe in them.

Mr. NORRIS. I thank the Senator from Michigan for his suggestion.

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Minnesota?

Mr. NORRIS. How much time have I left, Mr. President?

The PRESIDING OFFICER. The Senator from Nebraska has 4 minutes left on the amendment.

Mr. NORRIS. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. I merely want to ask the Senator a question. The Senator talks about restoring confidence in the banks and about rigid supervision by the National Government. We hear much about supervision by the National Government, as though that would guarantee the security of banking and the safety of banking. As a matter of fact, all national banks have been under the supervision of the national-bank examiners and the National Government, and bankers have told me that if it had not been for the supervision of the national-bank examiners who come in and state that certain paper must go out and that the bank must buy some other kind of paper, the banks would not have had to close.

Mr. NORRIS. Some people do not believe in it, because they say it is a form of socialism, but if we reach the conclusion that bank deposits must be guaranteed or insured, if follows as night follows day that we cannot guarantee any bank which is organized under a "wild-cat" scheme, but if the Government is going to guarantee deposits—and an insurance company would be in the same fix—it can only afford to guarantee deposits in banks that are under supervision. We will make mistakes; there will probably be bank examiners who will throw out paper they ought not to throw out; we will never get a perfect system; but I cannot conceive that the Congress should pass a law to guarantee deposits unless the Government had some control over the banks where the deposits were placed. I think that will follow. I do not believe anybody would vote—it seems to me no one would—to compel the Government to guarantee deposits in any bank or any institution with which the Government had nothing to do and about which the Government had nothing to say as to how the bank should be operated or what kind of loans it should make.

I think we can improve upon the past in regard to the loans of which the Senator from Minnesota speaks. It has been disclosed—it was brought out in the first instance by the Senator from California as a result of the investigation he made as to foreign loans—that some of the national banks have been dishonestly operated; it has been shown how they have sent word over all the country to smaller banks which believed in them, which had confidence in them, inducing those smaller banks to buy a certain line of securities which the larger banks had for sale, which securities proved to be worthless, and some of which were known to be practically worthless at the time the larger banks were selling them and getting them off their hands. That is an evil, everybody concedes it to be an evil, and we must rectify it by proper laws. I think it can be done.

We will never, as I said, make conditions perfect; there will always be some losses here and there, but the right kind of banking system, it seems to me, can be brought about under the proper kind of laws that Congress shall pass that will reduce the losses to a minimum, restore confidence, bring money out of stockings, bring money out of safety deposit boxes, and put it in the banks where it will be subject to check so that the business of the country may go on without molestation.

The PRESIDING OFFICER. The time of the Senator from Nebraska on the amendment has expired.

Mr. VANDENBERG. Mr. President, I have discussed this same subject so long and so frequently that I certainly do not intend now to repeat myself, but I want to bring my own record up to date, in the purview of this morning's debate.

I have upon numerous occasions indicated to the Senate how the Michigan banking situation is a laboratory demonstration of the precise necessity to which the Senator from Idaho and the Senator from Nebraska have been adverting.

Until the Federal Reserve Banking System and the Treasury Department in the first instance shall liberalize their treatment of the banking institutions of the country, and then, upon the other hand, until there shall be this fundamental Federal insurance or guaranty to put complete and justified confidence in the depositor himself, there will be no chance for American economic recuperation.

We have been struggling, along the line of this discussion, in an endeavor for 10 weeks to get the Michigan banking situation into effective and satisfactory form. Repeatedly we have been rebuffed. I will read now from a Detroit newspaper of Tuesday, April 25, just a few sentences from Governor Comstock, commenting upon the fact that once more all the Michigan proposals, based upon Michigan State law passed expressly to serve this emergency, have been rejected by the Federal Reserve Bank and by the Treasury. He is commenting upon the entrenched demands of these high authorities for complete liquidity in reopened banks and upon their rejection of all long-range planning upon this score. This is what the Governor says, and I submit that he is justified in his comment, as he confronts the spectacle of 250 closed Michigan banks, most of which we believe could have safely opened long ago on the so-called "Michigan plan basis"—

This means wholesale liquidation, instead of wholesale rehabilitation of our banks. I am forced to the conclusion—

And this is a comment, it is illuminating to say at this point, by a Democratic governor—

I am forced to the conclusion that President Franklin D. Roosevelt does not know what his Treasury Department and the Federal Reserve Board are doing. The President's inflation plan cannot go through if this plan of bank liquidation is carried out. The bank plan is the absolute antithesis of the President's inflation plan.

That is the bald truth, if it ever was stated in this world. A deflation bank policy and an inflation currency policy absolutely neutralize each other.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Florida?

Mr. VANDENBERG. I yield to the Senator.

Mr. FLETCHER. Can Congress take such jurisdiction over State banks as to have this sort of proposed guaranty or insurance apply to State banks?

Mr. VANDENBERG. I am not speaking at the moment of insurance and guaranties; those are the subsequent and ultimate propositions. I think it is possible to put such insurance at the disposition of State banks on a self-sustaining premium basis. I am speaking about the immediate policy under the emergency banking legislation that we have passed, which is supposed to be of some use in helping banks to reopen; and I am stating that, at least, so far as the Chicago Federal Reserve district is concerned there has been no resultful cooperation whatever in connection with our Michigan plans. There continues what appears to be an obdurate insistence upon 100-percent liquidity, whereas, I again respectfully submit, this means needless loss to all concerned.

Referring to the proposition in the interchange between the Senator from Nebraska and myself, so long as \$800,000,000 represents the normal total of annual clearing-house exchanges in the United States, as compared with only \$6,000,000,000 of currency, we confront the inevitable proposition that, except as we deal with the \$800,000,000,000 factor, namely, the banking functions, we cannot hope to correct the money stringency by dealing exclusively with the \$6,000,000,000 factor, which is the physical currency factor. Therefore, I am rising to concur completely in the suggestions of the Senator from Nebraska and the Senator from Idaho to the effect that, in the long run, the restoration of a justified depositor confidence can do more for the recuperation of business and the betterment of the economic situation than any other possible factor to which we could dedicate ourselves, because depositor confidence is prerequisite to the normal flow of normal bank-credit currency.

Mr. COUZENS. Mr. President, will my colleague yield? The PRESIDING OFFICER. Does the Senator from Michigan yield to his colleague?

Mr. VANDENBERG. I am glad to yield.

Mr. COUZENS. May I ask my colleague if the procedure of the Treasury Department and the Government now is not exactly opposite to what was proposed in the last days of the Hoover administration when we passed a resolution through both Houses at the urgent insistence of the Treasury Department to permit banks to operate on a partial-payment plan? That policy was adopted by the Congress unanimously. It was started under the Hoover administration and immediately the bank holiday came and it has not operated on that basis since. In other words, I want to concur in what my colleague has said about the ruthless deflation policy applied to the banks. Had the banks been permitted to operate under the joint resolution passed by Congress, in which we provided for cooperation of the Comptroller of the Currency with the State banking commissioners, this condition would not have existed.

Mr. VANDENBERG. Mr. President, I agree with my colleague completely. When a legislative program was undertaken subsequent to the banking holiday, the first and insistent demand from the Treasury was for the so-called "Couzens resolution", which would permit the Comptroller of the Currency at his discretion to allow national banks in a given State jurisdiction to live under any plan that the State legislature might create for the State banks in that jurisdiction. Under the able sponsorship of my colleague that joint resolution went through both Houses of Congress. Why was it sought if there was not an initial purpose to permit States on their own legislative initiative to help themselves if they could? Why did the new administration abandon all such procedure?

So far as the State of Michigan is concerned, we created a formula under which we could have helped and saved ourselves. For many sterile weeks we have been trying to open these banks on a partially impounded basis, which would give the depositor maximum values and would give scores of otherwise bankless communities the speediest and the surest service. Yet up to this living minute there has been no helpful cooperation—at least so far as results are concerned in connection with our Michigan plan—either from the Treasury Department or the Federal Reserve.

So I submit the comment of the Governor. I renew my own testimony. I say again, that in the final analysis, after you reopen banks, you must guarantee or insure deposits. Thus, and not otherwise, you will deserve the public confidence, which must precede normal banking and a normal flow of bank credit currency which is the medium of exchange in which more than 90 percent of our business is done.

Mr. SHIPSTEAD. Mr. President, there has been for many years, a discussion of guaranteed bank deposits, and I have a great deal of sympathy with it. The foundation of the banking system is credit. Bank deposits are money loaned to the banks by the depositors. The larger the deposits in the bank, the more the bank owes. What the bank has borrowed from its depositors is invested in loans and securities. I believe we overlook the fact that these banks have been loaded up, as other people have been loaded up, with securities upon which interest cannot be paid. They have made loans that turned out to be bad; they have made bad investments. They are in the same boat with citizens who have bought securities of all kinds. Guaranty of their deposits by the Government is to underwrite their paper and may prove a serious obstacle when understood by the taxpayer.

When we talk of the banking situation we should, in my opinion, discuss it only from the standpoint of how those security issues are choking everyone; either because they are worthless or because of the overhead charge on industry those overcapitalized capital structures are choking business. The question is, How are we going to liquidate this situation? That is the reason and the only reason I have for voting for the pending bill because there are only two

ways to liquidate, either through wholesale bankruptcy or through some sort of orderly inflation.

Keynes, the eminent British economist, said 3 years ago that the friends of inflation had better be careful or they would cause a world-wide revolution. Gold is said to be a commodity, but gold is something more than a commodity. It has been given a special status as a commodity by virtue of law. By that special status it has been made the one commodity for the purpose of paying debts. It is not only subject to the ordinary law of supply and demand, as is the ordinary commodity, but it is subject to the special economic law placed upon it by Congress—that it shall be legal tender for payment of all debts and obligations. It is because of the amount of credits which are floated payable in gold that we have this overwhelming demand for gold.

Mr. President, I should like to ask the Chairman of the Committee on Banking and Currency a question concerning the pending amendment. It has to do with the reduction of the gold content of the dollar possibly by 50 percent. Assuming that the President should do that under the powers granted him by the amendment, that would mean that anybody who now has an ordinary \$20 gold piece or 20 gold dollars would then have just twice the number of gold dollars. Is there any provision in the amendment or in the law by which that extra number of gold dollars may be taxed? It seems to me it should be done.

Mr. FLETCHER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Florida?

Mr. SHIPSTEAD. Certainly.

Mr. FLETCHER. There is nothing in the pending amendment, as I recall, that provides for such taxing. It has been suggested in connection with some legislation which has been heretofore offered. It seems to me it would be a very good idea to tax up to 100 percent any profit made by those people who get the benefit of the reduction in the gold content of the dollar, if there is any such reduction. But there is nothing in this amendment to take care of it. That is a matter of legislation which may hereafter be presented. If such a measure is hereafter proposed to the effect that any contract, public or private, calling for the payment of gold dollars of any given weight or fineness shall be fully satisfied if paid in lawful money, then such measure should provide that any such gold contract, through the payment of gold dollars of the present weight and fineness, instead of in other lawful money, shall yield a profit, such profit should be declared to be subject to a tax of 100 percent thereof, and the proceeds of such tax shall be covered into the Treasury as miscellaneous receipts.

Mr. SHIPSTEAD. On yesterday I thought I would have an amendment prepared and I sent for the legislative counsel to have an appropriate amendment drafted. As I understood him, he informed me that the committee had thought that the matter was covered in the last four lines on page 4. Upon reading those lines this morning I could not understand how it did cover that matter and that is the reason why I have propounded my question to the Chairman of the Banking and Currency Committee.

Mr. FLETCHER. Will the Senator read the last four lines to which he refers?

Mr. SHIPSTEAD. They merely provide that "such notes and all other coins and currencies heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts, public and private."

If the committee feels that that has anything to do with the other provision, I should like to have it explained; otherwise I shall have an amendment prepared providing for a 100-percent tax upon any profits that might be made by hoarders or holders of gold or by hoarders of gold who have exported their gold to other countries in order that they shall not have this undue benefit from legislation enacted in a national emergency.

Mr. FLETCHER. May I say to the Senator I think that question should more properly come up later? I would not now feel warranted in supporting such an amendment, which I am afraid would confuse or involve the proposition

in a way that might interfere with the purposes of the pending amendment. I am quite in sympathy with the Senator's thought on the subject, but I do not think it should be incorporated in this pending amendment offered by the Senator from Oklahoma.

Mr. SHIPSTEAD. Unless some provision is made to have such profits taxed, I do not see how I can vote for the amendment. I do not see how the Congress of the United States can afford by legislation to give an additional million dollars to the man who has hoarded a million dollars. It seems to me that under the provisions of the amendment that is what he would have in gold under the new dollar.

Mr. FLETCHER. Of course, the Senator realizes that is the limit provided for here. I have no idea that that authority would ever really be exercised. If it should be, there will have to be future legislation. Perhaps Congress must enact laws providing for a permanent monetary policy, and then would arise the question which the Senator has in mind. It does not seem pertinent to the pending measure.

Mr. SHIPSTEAD. If the content of the gold dollar were reduced 25 percent, he would have that much profit. It seems to me some amendment should be attached to tax whatever profit is made by virtue of the amendment.

Mr. NORBECK. Mr. President, we have heard a good deal about the banking situation in general and about the banks of Michigan in particular, and that the administration has done something to injure them. I do not rise to defend the administration because I do not know what the permanent policy of the administration is going to be with reference to banks. There is only one trouble with the banks in Michigan and that is the same trouble we have with the banks in South Dakota. They have made loans in good times and found the values of property have been shrinking, so they have lost part of the depositors' money. There is a gap and they have not been able to fill it. There is a loss and they have not been willing to admit it. Some of these Michigan bankers appeared before the Banking and Currency Committee a year ago, when the argument was made daily that the small unit bank was weak. The Michigan bankers put a great deal of emphasis on the fact they were not weak; they were strong because they were hooked up in large groups or long chains. The keenest minds of the committee were misled into believing that those were invulnerable institutions because they were so connected. The speeches made on the floor of the Senate, as disclosed by the CONGRESSIONAL RECORD, will show that the committee members were misled by these bankers.

We now have a situation where one bank in Michigan has an enormous gap. Their admitted loss runs into ten or twelve million dollars. Other banks are affected by the same causes, and the State of Michigan is almost without banking facilities. Now, most of this gap must have been there a year ago, when the bankers appeared before the Banking Committee, boasting of their strength and advocating the branch-banking system as being stronger and more desirable than the unit bank. It is the result of a shrinkage of earnings, a shrinkage of values, a shrinkage of securities. There are only three ways to meet it. We can inflate the currency all we like, but there are only three ways to meet it fairly. One way is to fill the gap with money. Another is to scale the deposits and get a correct balance sheet. The third is to keep on kidding ourselves and to put some limit on the withdrawal of deposits, so the banker can pretend that all is well, and it will take him a long time to dribble out the little cash that he can raise. He can save his face and avoid the double assessment that comes with the closing of the bank and maintain his position in banking circles and in society by kidding himself. But we have one of those three things to do.

With all due regard to the distinguished Senator from Michigan [Mr. COUZENS], I knew that he offered his resolution in good faith and with hopes that it would be a solution of the situation. I remember very distinctly that the distinguished Senator from Virginia [Mr. GLASS] said then that the danger is that it would spread to every State in the Union, and it did, and we got the bank moratorium. No; I

am for bank guaranty, or, rather, for bank insurance; but if we are for bank insurance we must recognize and conform to insurance principles.

First, anyone who writes life insurance does not go out to the graveyard and write life insurance on corpses [laughter], which is what we are asked to do here; or, as the Senator from Oklahoma [Mr. Gore] says, he does not go out on the battlefield and insure the dead. We must recognize and conform to insurance principles. As I understand, the first two rules of insurance are these:

First, you must not underwrite any risk you cannot pay. Therefore you must know the amount of the risk you are underwriting. Who knows what that amount is today, if we are going to guarantee all these loans made in boom times, which is the only way some of these banks can be kept open?

The second rule is this, based on long experience: Nobody insures for full value. The insurer will let the other party carry a little of the risk, so that he will have a responsibility in the matter, so that he also will have something to lose, and therefore will not get too reckless.

Oh, yes; we are told that we will have inspection; we will have supervision; we will protect ourselves by doing that. Since when did that idea develop? Has not every bank been examined about twice a year and certified as to its solvency all the time? Can we get any better examination than we have had?

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Minnesota?

Mr. NORBECK. I do.

Mr. SHIPSTEAD. Does not the Senator think that, in the present condition of the banks of the country, for the Government to guarantee all the deposits of the banks would be a good deal like insuring against horse stealing after the horse was stolen, or starting a life-insurance company during an epidemic of Asiatic cholera?

Mr. NORBECK. I fear that is the case. I believe in bank insurance. However, we cannot start in and guarantee dead things or poor loans. We must find a period when the bank loans are safe, when there is value to property. If we are ever going to start bank insurance, we shall have to start on a healthy situation; and then it would no doubt be possible to carry it along, unless we should have another national disaster like the period we are now passing through—the worst in a hundred years.

Mr. LEWIS. Mr. President—

Mr. NORBECK. I yield to the Senator from Illinois.

Mr. LEWIS. I am very much interested in the views expressed by the late chairman of the Banking and Currency Committee. The present chairman, the Senator from Florida [Mr. FLETCHER], myself, and one or two others, have tendered from time to time measures looking to the guaranty of deposits. I ask the able Senator now occupying the floor, when those efforts were made, were not letters sent to the Banking and Currency Committee, either as private letters or otherwise, from the department of authority that obstructed everything looking to the protection of the deposits? And now, since the Senator from South Dakota has stated his views as to the manner in which this should not be done, will the Senator be so good as to state, from his experience, in what manner the Senator suggests it can be done?

Mr. NORBECK. I do not know any way to put life into a dead body. [Laughter.]

Mr. LEWIS. Let us assume that this is a sick body, badly wounded, but which can recover.

Mr. NORBECK. Then it ought to be patched up. I repeat what I said before, that there are only three ways to meet this situation:

First, fill the gap. Let somebody make up the losses.

Second, scale the deposits, so that we have an honest balance sheet.

Or, third, keep on "kidding" ourselves as to the solvency of the bank.

Mr. LEWIS. Taking either view, which agency does the Senator suggest shall make up the deficiency, or do the "kidding", as he calls it—the Federal Government, the State government, or those who robbed the banks?

Mr. NORBECK. Of course it is a popular term to say "robbed the banks", and we know many bankers who have robbed the banks; but the economic situation which came on here has had an influence that we cannot ignore. When values shrink to a small part of the former values, necessarily there is a loss. Sometimes it is due to dishonesty on the part of the banker, but very often it is due simply to an inability to forecast the future of things. Bankers let the loans run, hoping for an upward movement of earnings in values.

Mr. LEWIS. Take the illustration the Senator gave in a very able speech lately on this floor, where the bankers used the money of their depositors to speculate in the stock of companies of which they themselves were the owners. The Senator would not call that a mere inability to forecast the future.

Mr. NORBECK. Not at all; but if those were the only banks with which we had trouble, we would find more banks open than we do today. The Senator knows in Illinois many honest bankers who have had to close their banks—I know many in South Dakota—because when the security will not pay the amount of the loan, there is a loss. Somebody has to sustain it. I know that bankers are reluctant to close banks.

I remember a small bank in South Dakota where the State department said to the banker, "You are running behind. Your capital is impaired. You will have to cut down your expenses, or you will have to close." The banker said, "How can I cut down my expenses? I need my salary to live on. My brother needs his salary. My son-in-law needs his salary." The whole family needed their salaries, and they could not close the bank. They were living on the depositors' money [laughter], "kidding" themselves. That banker would like to have a moratorium so that he could pay out just a little to the depositors and keep his bank going a long time.

Mr. LEWIS. We lawyers often hear of the old lawyer who, coming home and finding that his son had closed out an estate, said to him, "Why should you do such a thing, when the family has been living on that estate for all these years?" [Laughter.]

Mr. NORBECK. Yes; the eminent Senator from Illinois knows the situation and is sincerely interested in a remedy.

Mr. LEWIS. But I ask the Senator, what has he to suggest?

Mr. NORBECK. To deal honestly with the question; to inventory the assets of the bank according to the present situation, and tell the depositors honestly what the assets are. That is the first step, instead of saying to the depositors, "You can have only part of your money today, and you can have some more next month, or next year." The bank could then be reopened on the basis of the actual value existing at the present time.

Mr. LEWIS. Would there be no provision made, then, to give the depositor back his money? Remember it was his money.

Mr. NORBECK. There are only two ways to liquidate a bank. One is for the depositors to liquidate it, and the other is for a receiver to liquidate it. If the value is not there, there is no way to put it there, unless somebody is willing to put it in.

Mr. LEWIS. That is why I ask the able Senator, would he suggest that the Federal Government shall assume to try to protect these depositors?

Mr. NORBECK. No; I do not think the taxpayers should go and make up the bad loans that the banker made, nor do I think it is possible for the taxpayers to carry the burden necessary to rehabilitate all these banks at this time. I think the losses are so large that the taxpayers are not able to make it up.

On the other hand, I believe in it. I believe we should start right. If we start wrong we will just have one more

blow-up. I believe that when we get over this depression, and get on an even keel, and values are equalized, bank insurance is a proper thing.

Mr. LEWIS. That would indicate, then, that the present depositors who have lost their money shall have all their money lost, and probably shall be dead and buried before anything shall be done in another generation looking to what the Senator calls a rehabilitation.

Mr. NORBECK. The Senator used the expression "the depositors who have lost their money." Yes; they will continue to have it lost unless somebody makes it up for them. The Senator will agree with me as to that. Does the Senator suggest that the taxpayers should make it up for them?

Mr. LEWIS. I suggest that the Federal Government, having held itself out as watching and protecting these banks, and having allowed these people to deposit in institutions that went under the name of national banks, should take steps to recover that money for the depositors where it has been wrrenched from them by the officials of the Government.

Mr. NORBECK. The trouble, I believe the Senator will agree with me, is that to rehabilitate all the banks in which there have been losses will take more money than the Treasury can stand. We talk as though there were no limit to the Treasury. The fact is, however, that the Treasury also has a limit.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Utah?

Mr. NORBECK. I do.

Mr. KING. I think the Senator has expounded this apparently mysterious and intricate question with a clarity that would do credit to a great banker and a great financier; but certainly the Senator could not assent to the proposition, and did not, that in the case of State banks, with which the Federal Government has no concern whatever, and never did have any concern, because values have shrunk and losses have been sustained by depositors, the taxpayers of the United States should be compelled to pay those depositors in State banks.

Mr. NORBECK. I am afraid the taxpayers are not able to pay them all.

Mr. KING. There is no moral obligation and no legal obligation upon the part of the taxpayers of the United States to pay the depositors of some bank in the Senator's State, or some bank in the State of the Senator from Illinois, where that bank has failed simply because of the misconduct of those in charge of the bank or because of the loss in the value of securities. That is one of the inevitable things that occur. Men have lost their all, though they have not had it in banks, in legitimate business because of the shrinkage in commodity prices and in assets.

It seems to me the Senator's position is absolutely sound, that we cannot guarantee dead bodies.

Mr. LA FOLLETTE. Mr. President, I cannot agree with the statement made by the senior Senator from Oklahoma [Mr. THOMAS] that the pending amendment—the Thomas amendment—is the most important piece of legislation in 6,000 years. Nevertheless, I do believe it raises questions of grave importance. Therefore I ask the indulgence of the Senate to place upon the record briefly my attitude toward some of the aspects of this problem.

Inflation is not a new device. It has been employed through all history, and in many crises various governments have resorted to it. I think it will be generally conceded by historians that the Revolutionary War could not have been conducted without resorting to inflation. I think it will likewise be generally conceded that neither the North nor the South could have financed their operations during the Civil War without a resort to inflation. Inflation has come to have a bad name, Mr. President, like many other powerful medicines, because too frequent use or an overdose may have a harmful effect upon the patient.

From the beginning of this crisis there have been, generally speaking, two schools of thought concerning it. One school of thought might be termed the deflationist school.

They have argued from the beginning of this depression that we might permit these economic forces to run their course. They have contended that the economic factors out of balance would gradually come to rest; that through foreclosures and bankruptcies the debt and capital structure could be written down, and that upon this basis there could be builded a slow and painful recovery.

The other group might be termed the inflationist school. They have taken the position that in a highly organized industrial and agricultural society the readjustment period during deflation becomes too painful; that the human suffering involved is too great for vast sections of the population to bear; that at some point in process of deflation millions of persons no longer will absorb punishment, and that they then take matters into their own hands to obtain relief if they cannot secure it from their Government.

During this period of deflation, of course, what is fundamentally going on is a change in the ownership of property. So far as I am personally concerned, I have never believed that we could successfully carry out deflation to its logical conclusion. I have been convinced that before the deflation could run its course, the people by some means would arrest it.

It is perfectly evident, Mr. President, that in many sections of the United States that point has already been reached. In State after State in this Union it is today impossible to foreclose a mortgage upon a farm. The farmers, weary after these 13 long years of suffering, have taken matters into their own hands, and they have suspended the civil process of law.

For more than 2 years I have advocated inflation, but an inflation based upon a program to put people back to work and thus to restore mass purchasing power; for, if I may make bold to say so, I think that those who rely upon inflation alone to remedy conditions such as now confront us have become too enamored of the quantitative theory of money.

They overlook two important factors in our economic situation. One is that it is not only the amount of currency in circulation, but it is the velocity with which it circulates that counts. Secondly, they have overlooked the fact that in the United States we are much more dependent upon bank deposits or bank money than we are on actual currency in circulation. At the end of June 1932 we had about \$42,000,000,000 in bank deposits and about five and a half billion dollars of currency in circulation. In other words, if we think of bank deposits and money in circulation together, they bear the relationship of about 90 to 10.

Mr. LEWIS. What does the Senator mean by 90 to 10, may I ask?

Mr. LA FOLLETTE. We are dependent about 90 percent upon bank deposits or bank money and about 10 percent on money in circulation.

There are several indexes of the velocity of circulation, but one index which I think is significant is that which shows the total amount of debits to individual bank accounts in 141 cities for which we have statistics. It seems quite obvious that the general business turnover is the best index of the velocity of money circulation, since every transaction gives rise to a transfer of money in either currency or in bank credit.

During the period 1922 to 1929 the velocity of bank-money circulation increased more rapidly than the volume of such money. The figures of the debits to individual accounts were the following, per month:

Thirty-six billion dollars per month in 1922.

Fifty billion dollars per month in 1926.

Seventy-eight billion dollars per month in 1929.

During the past 3 or 4 months they have dropped to \$25,000,000,000 per month.

Taking the Federal Reserve Board indexes as a further indication of the depth which this depression has now reached, its index of industrial production, adjusted, in February stood at 64, a point only slightly more than one half of the 1929 maximum of 125. This is the lowest point in recent history at which the index of industrial production has stood in the month of February.

Factory employment and pay-roll employment, adjusted, stood in February at 59.4, less than 60 percent of the July 1929 high of 102.8.

The adjusted index of freight-car loadings stood in February at 54, only a little more than one half of the figure normally attained in February in predepression years, when it usually ranged from 91 to 99.

The bank debits, outside of New York City, which is the index reflecting business activity outside of that financial center, stood at 52.7 in February, contrasted with 86.6 in February 1931, 109 in February 1930, and 124.1 in February 1929.

The index for the construction industry reached 18 in February of this year, lower than at any time since these indexes have been compiled by the Federal Reserve Board. This figure is in contrast with 79 in February 1931, 104 in February 1930, and 118 in February 1929.

Mr. President, there are two objections which I have to the general theory upon which the amendment of the Senator from Oklahoma is based. One is that it is entirely permissive in character; it does not provide for any definite or specific amount of inflation, nor does it provide for the achievement of a particular economic objective through inflation. The second objection which I have to it is that it is inflation alone. It does not provide for any increase in the total purchasing power of the people of this country.

May I say that there is grave danger in the employment of inflation as a device by itself, for we must not forget that the purchasing power, the income, of the people of the United States has been deflated by one third to one half since 1929. Wages, salaries, incomes of all sorts and descriptions, have been deflated during this period.

If we attain the objective which the inflationists per se contend will flow from the exercise of the power granted in this amendment, namely, a sharp increase in commodity prices, what have we done to those who are upon fixed-income bases? What have we done to those who have had their wages ground down until today it is not uncommon in the textile industry for women to be working 56 hours a week for \$2 a week?

We will have decreased their ability to buy. In other words, millions living in the urban communities, as well as upon the farms, have been put through the wringer of deflation once. If we employ the device of inflation without a corresponding provision for increasing purchasing power and for speeding up spending then, assuming that commodity prices do rise sharply, we will have only succeeded in putting them through the wringer a second time during inflation.

Furthermore, do not forget the danger of the lag in time between the rise in commodity prices and the time when it will actually put purchasing power into the pockets of the farmer.

The PRESIDING OFFICER. The Senator's time on the amendment has expired.

Mr. LA FOLLETTE. I will take my time on the bill.

The PRESIDING OFFICER. The Senator is recognized for 15 minutes on the bill.

Mr. LA FOLLETTE. Mr. President, if wheat goes up tomorrow; if corn, if hogs, if cotton, if tobacco go up tomorrow, relatively speaking, there will be little of those commodities in the hands of the actual producer. We must wait for actual purchasing power to be distributed to the masses of the farmers through an increase in commodity prices for the marketing of the crop to come afterward. In the meantime, by a sharp rise in commodity prices we will likewise have diminished the ability of those who live in urban communities, as well as those who live upon the farms, to purchase commodities. In other words, I raise the question as to whether or not that lag in time to which I have just adverted may not be more than overcome by the sharp decrease in the ability to buy of those who live in the urban as well as the rural communities during the period following immediately after a sharp rise in commodity prices.

Mr. President, the point which I am trying to make is that I subscribe wholeheartedly to the theory of a controlled inflation, but, in my judgment, if we are to make that experiment successful, it must be an integral part of a program to distribute purchasing power, to create opportunities for work, and to purchase materials. In other words, what we are in crying need of at this hour is something to force the spending of money in the United States.

We have more currency in circulation today than we had in 1929. It is the velocity that has fallen off, and we cannot secure velocity through the employment of the inflationary device alone, unless we are willing to carry it to the point where we cause a flight from the dollar into tangible goods, and, so far as I know, there is no person in this Chamber advocating such an inflation at this time.

I was in Germany in 1923, when her inflation had gotten out of control, when it had become a wildcat inflation. I saw the people rush from the factories, when they were paid off, into the stores to buy goods which they did not need in order that they might secure tangible goods before the currency depreciated in their hands. I talked with taxi drivers in the city of Berlin who told me they had 12 pairs of shoes and 14 suits of clothes at home, only because they wished to translate their everdepreciating currency into tangible goods.

I assume that there is no person who now seriously contemplates any such inflation as that in this country. Therefore, I say again that if this controlled inflation is to be successful it must be combined with a gigantic program to put the people of the United States back to work, to distribute purchasing power, to pay out the money for the purchase of materials, to increase transportation through the hauling of those commodities and those materials.

Mr. President, because other countries have experienced a wildcat inflation which has proved disastrous does not deter me from being willing to try the experiment. I believe that currency inflation can be controlled if there be the will to control it. Great Britain has been operating on controlled inflation ever since September 1931. Sweden has a managed currency, which thus far has worked very well, so far as any information I have been able to obtain about it is concerned. Therefore I am perfectly willing to take this first step, as provided in the pending amendment. But I am willing to do that because I am convinced that the second and more necessary step, in my opinion, will be forthcoming, namely, the adoption of a huge program to provide purchasing power, work opportunities, and the stimulation of industry, through a gigantic program of construction to put people back to work.

I predicate my belief that such a program will be forthcoming upon the utterances made by President Roosevelt in the 1932 campaign. I did not determine that I would support President Roosevelt until he stated in his Commonwealth Club speech and in his speech at Atlanta that he recognized that there was only one way out of the depression, and that was to restore the purchasing power of the masses of the people of this country. I did not ask him to write a bill over the radio in a campaign; but his statement convinced me, as I think it did millions of others, that Candidate Roosevelt saw the crux of this problem, and that he had the courage to announce his position upon it. I have faith now that he will carry it out.

Mr. President, I am in hearty sympathy with the statements made by the Senator from Idaho, the two Senators from Michigan, and the Senator from Nebraska. In 1929 there were \$56,000,000,000 of bank deposits in the United States; in 1932 they had shrunk to \$42,000,000,000—a deflation in this form of purchasing power of \$13,000,000,000.

It is generally conceded that there has been, as a result of the emergency bank crisis, a further deflation in this form of purchasing power, namely, bank deposits, amounting to \$5,000,000,000. My own opinion, Mr. President, is that it is larger; I believe that before the bank crisis shall be over there will have been an additional eight to ten billion dollars of bank deposits wiped out; but taking the semi-

official estimate, we find that since 1929 bank deposits in the United States have been wiped out to the tune of \$18,000,000,000. Therefore, Mr. President, I am not afraid to try a controlled inflation. I come back, however, to the original statement of my position. I am ready to take this first step, but by the same token I am likewise determined that we shall take the second step. Unless we combine inflation with a program to put people to work, unless we increase the total purchasing power of the people, this experiment will prove a tragic failure. We must guard against making life more difficult for millions of people in the United States.

Mr. ROBINSON of Arkansas obtained the floor.

Mr. BRATTON. Mr. President, will the Senator from Arkansas yield in order that I may suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from New Mexico?

Mr. ROBINSON of Arkansas. I yield.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Reed
Ashurst	Costigan	Kean	Reynolds
Austin	Couzens	Kendrick	Robinson, Ark.
Bachman	Cutting	Keyes	Robinson, Ind.
Bailey	Dale	King	Russell
Bankhead	Dickinson	La Follette	Sheppard
Barbour	Dieterich	Lewis	Shipstead
Barkley	Dill	Logan	Smith
Black	Duffy	Loneragan	Stelwer
Bone	Erickson	Long	Stephens
Borah	Fess	McAdoo	Thomas, Okla.
Bratton	Fletcher	McCarran	Thomas, Utah
Brown	Frazier	McNary	Townsend
Bulkeley	George	Metcalf	Trammell
Bulow	Glass	Murphy	Vandenberg
Byrd	Goldsborough	Neely	Van Nuys
Byrnes	Gore	Norbeck	Wagner
Capper	Hale	Norris	Walcott
Caraway	Harrison	Nye	Walsh
Carey	Hastings	Overton	Wheelier
Clark	Hatfield	Patterson	White
Connally	Hayden	Pittman	
Collidge	Hebert	Pope	

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, the debate has taken a wide range this morning. Subjects not relative to the pending amendment have been discussed. They are of very great importance. My purpose is to limit the remarks now to be made to the consideration of the amendment that is before the Senate.

For many years the subject matter of the pending amendment has been discussed in the Congress of the United States. Various measures have from time to time been advanced. That there is among veterans a demand for anticipation of maturities of adjusted-compensation certificates no one acquainted with public opinion can deny. That demand heretofore has been organized. Large groups have advanced on the National Capital and camped upon the grounds immediately surrounding this building for the avowed and express purpose of compelling the immediate cash payment of adjusted-compensation certificates.

During the course of this debate statements in the nature of threats have been made, implying that political danger menaces those who do not find it consistent with their duty to attach to a farm relief bill a measure obligating and requiring the Government of the United States immediately to pay approximately \$2,400,000,000, which, under the terms of existing contracts, will not mature until 1945.

One who has, as I believe all of us have, a full appreciation of the splendid valor that was demonstrated by the men who wore our uniform during the great World War, would be loath, if conditions permitted, to deny any reasonable request that might be submitted by our veterans; but, Mr. President, I am constrained to oppose the amendment of the Senator from Indiana and to state, within the brief limit of time within which I am permitted to discuss the subject, some of the reasons which impel me to take that position.

The first two paragraphs of this bill, known as the "currency-inflation provisions", are intended for the express purpose of enabling the Treasury to make provisions for maturing Treasury obligations. It has been overlooked during this debate that throughout the last few years, with the authority of the Congress, Government corporations, as well as the Treasury itself, have been issuing enormous quantities of short-time paper; and that these short-term notes may only be refunded or refinanced through the instrumentality of the banks. We have created and assumed literally hundreds of millions of dollars of obligations in an effort to stimulate employment, in an effort to maintain the banks in operation for the benefit of the depositors, in efforts to revive and revitalize business in our great land, and we are now confronted with and must face the problem of making provision for the refunding or absorbing the obligations thus created.

The first section, as is well understood, contemplates agreements between the Secretary of the Treasury and the Federal Reserve banks by which the latter will accept or purchase the obligations of the United States referred to. Some question has been raised here as to why the Government does not require the banks to take these obligations. I think it is not within the power of the Government to require by law a private institution to discount any obligations. If the first provision shall not operate successfully, if the Federal Reserve banks shall refuse to purchase the obligations of the United States Government, there may be recourse to the issuance of Treasury notes, the limitation in each case, both with respect to the first provision and with respect to the issuance of Treasury notes, being \$3,000,000,000.

I shall not at this time attempt to enter into a discussion of the subject of inflation. That there is a measure of inflation in the provisions referred to none can deny. As to whether it is properly safeguarded there is doubt in the minds of some. Let it be pointed out, however, that if Treasury notes are issued an annual sinking fund of 4 percent is provided for the purpose of retiring the notes, and they will be retired within a period of 25 years.

The adjusted-compensation certificates do not mature until 1945 and that maturity was based upon a valuable consideration. It was 25 percent, I believe, that was added to account and to compensate for deferring the payments. It is proposed now, at a time when every possible effort is being made to overcome a deficit which threatens the credit of the United States, to anticipate obligations which will not mature for a period of 12 years and to refuse to permit the Government to have even the opportunity of refunding obligations which are now maturing.

Some question has been raised during the course of the debate as to the attitude of the President of the United States touching this amendment. I am authorized to say for him that he is unqualifiedly against the amendment. He believes that the incorporation of the amendment will reverse the policy of the pending bill and defeat the purpose in mind to secure an arrangement by which maturing obligations of the Government may be provided for.

I cannot enter into a prolonged discussion of the subject for the reason that my time is almost exhausted. There has been no reference of the amendment to any committee. It is presented here from the floor. No one has attempted to determine what will be the effect of the amendment upon the credit of the United States.

There is no legal obligation on the Government to anticipate the payment of the adjusted-compensation certificates. These certificates were worked out carefully under the law, and they do not mature until 1945. If times were prosperous, if conditions permitted, if there were not already great deficits in the Treasury, one in a spirit of generosity might be prompted to anticipate the maturity of these obligations. But how can we involve the Government in substantially a new debt of \$2,400,000,000 under present conditions? Of course, it may be said that these certificates in time must be paid.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. My time is very limited, and I prefer not to yield.

Mr. HASTINGS. I merely desire to invite the Senator's attention to the fact that the amendment as now presented leaves it wholly discretionary with the President.

Mr. ROBINSON of Arkansas. I am glad the Senator interrupted me. The President is opposed to the amendment, and I think it is safe to say that if the discretion were vested with him he would not exercise such discretion. To be entirely frank with the Senate, I think it is unfair, under the circumstances I have stated, to shift the burden of responsibility to the President of the United States when it is well known and stated on the floor of the Senate that he does not seek this discretion, that he does not believe the amendment should be adopted.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. CONNALLY. The Senator from Arkansas said the President does not seek the amendment.

Mr. ROBINSON of Arkansas. He is opposed to it.

Mr. CONNALLY. He does not want it?

Mr. ROBINSON of Arkansas. He does not want it. He is strongly opposed to it. He regards it as exceedingly objectionable.

What is to be accomplished except to relieve Senators from the present pressure incident to an attempt to inject into this bill a subject which—

Mr. LONG. Mr. President, did not the Senator announce on the floor that the President was opposed to the silver amendment some few days ago?

Mr. ROBINSON of Arkansas. Did I make the announcement?

Mr. LONG. Yes; I think the Senator did.

Mr. ROBINSON of Arkansas. I think I made no announcement on the subject.

Mr. LONG. Did not the Senator state to the Senator from Idaho [Mr. BORAH] that the President was against the 16-to-1 silver amendment? I think the Senator made the announcement.

Mr. ROBINSON of Arkansas. What of it?

Mr. LONG. We voted it into the bill. The Senator himself voted to give the President that power after the President had announced he did not want it.

Mr. ROBINSON of Arkansas. The Senator well knows that has no point in this discussion. The amendment which was finally agreed to relating to silver does give the President a discretion, but it does not attempt to fix the ratio of 16 to 1 or any other ratio. The statement I made was with relation to an entirely different proposition, and the Senator from Louisiana must understand it.

Mr. President, I think I have made clear the attitude of the President on this subject. It is foreign to the general subject matter of the legislation. Those who wish to defeat the legislation may be justified, if they favor the pending proposal, in giving it support; but if they wish to make some provision by which the Treasury may have the opportunity to take care of its maturing obligations, then, in my judgment, they should vote against the pending amendment.

Mr. LOGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Kentucky?

Mr. ROBINSON of Arkansas. I yield.

Mr. LOGAN. I have been very much interested in the argument of the Senator from Arkansas. I realize the safety of his leadership and his patriotism and integrity in all matters. But since I have to disagree with his argument—

Mr. ROBINSON of Arkansas. I hope the Senator will remember that my time is limited.

Mr. LOGAN. I shall not interrupt the Senator further.

Mr. ROBINSON of Arkansas. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator has 3 minutes more on the amendment.

Mr. LONG. Mr. President, I ask unanimous consent that the Senator from Arkansas be given more time.

Mr. ROBINSON of Arkansas. No, Mr. President, I do not request an extension of time, because the limitation was imposed at my suggestion, and I do not think it would be fair for me to ask or accept an extension unless I am willing to grant it to everyone else, which would have the effect of destroying the very agreement which I labored so hard to secure.

Mr. LONG. I was not undertaking to accommodate the Senator. I believe he is laboring to use 15 minutes to justify his position.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Louisiana has volunteered a statement. The Senator has a habit of getting smart here on the floor, and he has a habit of quoting the Scripture. I think I will give him a little Scripture: "How long wilt thou speak these things, and how long shall the words of thy mouth be like a strong wind?" [Laughter.]

Mr. THOMAS of Oklahoma. Mr. President, I will take a few moments' time to state my position upon the pending amendment. In order to make my position clear I must recount briefly the history of the so-called "bonus proposal."

In the session of the last Congress which adjourned in July 1932 Representative PATMAN, of Texas, introduced the so-called "bonus measure" in the House of Representatives. I introduced the same bill in the Senate. During that session the House passed the so-called "Patman bill", and it came to the Senate for action. When the bill reached this body I did what I could to get the measure before the Senate for consideration. The Senate Committee on Finance cooperated to have that done. The bill was reported out promptly, and after a full and free discussion a vote was had. That vote was adverse to the Patman bill. The bill received in this body but 20 votes.

After the vote was taken but before it was announced, the junior Senator from Alabama [Mr. BANKHEAD] changed his vote from "yea" to "nay", and I did likewise. I changed my vote, I may say, for the express purpose of being in a parliamentary position to enter a motion for reconsideration. Immediately upon the vote being announced, I entered a motion to reconsider the vote by which the bill had been defeated, whereupon immediately a motion was made to reconsider the vote forthwith and to table that motion, and upon a roll call that motion prevailed and the motion to reconsider was tabled.

Mr. President, I think that the veterans, at least of my State and of some of the other States, are not in doubt as to my position upon the payment of the bonus. I worked for the bonus bill last year. I still have a conviction, inasmuch as others who had dealings with the Government during the war period have been paid practically all amounts claimed to be due them, that the soldiers likewise should be paid at the earliest possible date.

I introduced the so-called "inflation amendment" to the pending bill, which suggests a program for increasing the amount of money in circulation. The program embodied in the pending inflationary amendment, as I understand, has the approval of the administration. The senior Senator from Indiana [Mr. ROBINSON] has resurrected the so-called "Patman-Thomas bonus bill" of 1932 and offered this resurrected bill as an amendment to my so-called "inflation amendment." In brief, the Senator from Indiana seizes my proposal of the last Congress and offers the same as an amendment to my pending inflation amendment.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Indiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. ROBINSON of Indiana. The Senator is substantially correct. However, the method of financing it is, of course, entirely different.

Mr. THOMAS of Oklahoma. I shall point that out to the Senate.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. ADAMS. May I ask the Senator from Oklahoma if he will give his view as to the constitutionality of the bonus amendment as it now stands, which proposes to give uncontrolled discretion to the President to determine whether or not it shall be paid?

Mr. THOMAS of Oklahoma. Mr. President, I shall not be diverted to the question of the constitutionality of the proposal. I have not considered the matter from that standpoint. I am now considering the matter from the standpoint of policy, and policy alone.

The two amendments are exactly similar save in the method of payment. The Patman-Thomas proposal was to pay the soldiers by the issuance of Treasury notes, but the Treasury notes were to be backed by a certain form of bonds. The pending proposal changes that from payment based upon bonds to a payment direct from the Treasury as contained in the last section of the amendment. The principle, however, is the same.

The end, if not the purpose, of the Robinson amendment is to embarrass me by placing me in the position of either being forced to accept one of my former proposals as an amendment to the inflation proposal or to reject such proposal and vote against one of my proposals when it is sought to attach it to another of my proposals.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Indiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. ROBINSON of Indiana. Of course, the Senator understands there is no intention on my part to embarrass him in the slightest degree. The only interest I have in the matter at all is to get the bonus paid to the veterans while they need it. That is the only object I have in view.

Mr. THOMAS of Oklahoma. Let me say to my colleagues in this body here today who were here last June and July and let me likewise say to the veterans of the Nation, to their families and friends, that I am just as strong for the payment of the soldiers bonus today as I was last June and July; but before we vote to accept the Robinson proposal we should, in my judgment, analyze the conditions which confront us at this hour.

At Pittsburgh last fall, the President—at that time a candidate—stated that he would favor the payment of the bonus just as soon as the finances of the Treasury would permit. That was a proposal that he made to the Nation; and upon that statement, and upon that platform, he won his unprecedented victory.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. Has the Senator there the quotation from the President's Pittsburgh speech?

Mr. THOMAS of Oklahoma. I have not. I am quoting it from memory.

Mr. LONG. My recollection of that speech was about like this: He repeated his statement made in April 1932. He said this:

"I said in April that it was not sound sense for the Government to pay more out of its Treasury until its expenditures keep pace with its income, and that we could not pay out at this time the amount of money that the bonus would involve; but", he said, "I am advocating the legalization of beer to put money in the Treasury."

I do not think the statement was anything other than that.

Mr. THOMAS of Oklahoma. Mr. President, Government finances are in a worse condition today than they were when that statement was made in Pittsburgh. I am advised that the President does not now think it advisable to undertake the payment of the bonus, and that if such an amendment should be adopted the whole program for inflation would be placed in jeopardy.

Personally, I have worked long and hard to have this program of expansion of the currency applied as a measure of relief for the existing distress so universally current throughout the entire country. If such a program is applied and it works as contemplated, then the veterans, their families, and their friends will share in such relief. If the plan is defeated through a veto, then the veterans and their families and their friends will be denied the benefits which we hope will accrue to all our people through the adoption and the proper exercise of power conferred by this amendment.

Because the President does not want the additional power and responsibility, and because such power, if conferred, would not be exercised, I must express the hope that the amendment be rejected.

Mr. PITTMAN. Mr. President, I feel that the ex-service men should be paid the debt that is due them. From shortly after the war I have advocated the readjustment of the compensation of the ex-service men. That is a matter of history. I have fought for that position throughout the whole time that it was an issue. I voted to pass the legislation over the veto of the President. I still think that the adjusted compensation was right, that its enactment into law was an expression of that fact, and that the debt is due these soldiers.

I was opposed to the issuance of the compensation certificates. I opposed it on the floor as an improper borrowing of money from those who were unable to make the loan. I have voted since that time for cashing those certificates.

I realize fully that millions of ex-service men in this country feel that they have been done an injustice in being deprived of the money that was due them, and which the Congress of the United States, by almost unanimous vote, determined was due them. I think it was unjust. I realize today that millions of them cannot understand why the Government should not pay that debt now. It is not surprising to me that they cannot understand it. It is almost impossible for anyone to understand the situation that exists in this country or in the world. With the enormous amount of wealth we have in our banks, the tremendous amount of natural resources we have in the country, and the great surplus of foodstuffs and clothing that exist here, it is certainly impossible to understand why 13,000,000 men and women should be idle, why probably 13,000,000 more depending upon them should be suffering from a lack of food and clothing; and yet that is a fact.

Some of us—perhaps all of us—have come to the conclusion that industry such as manufacture never can be helped by the loan of money until there are purchasers for manufactured products. Many of us have come to the conclusion that we must help the buyer before we can start the wheels of industry. We have come to the conclusion that all new wealth comes from the ground, either in the form of agricultural products or in the form of minerals. We have come to the conclusion that when those new products of the earth which continue to come out find a market for more than it costs to produce them, then we will establish the buying power which will start the wheels of industry and the employment of men.

That is the chief aim of this administration. Its chief aim is to raise commodity prices in this country, and particularly the prices of our largest commodities, which come from the farm and from the ground. We know also that our laborers are a large part of our domestic purchasers; but our laborers who are now idle are idle chiefly by reason of being discharged from factories, and they cannot go back to the factories until the farmers of this country can start to purchase.

So, having agreed on a program that the first thing to do is to lift the commodity prices of this country, and particularly agricultural commodity prices, we must hold our minds upon that point.

That program has been carefully worked out by the President of the United States. He announced it during his campaign. He has stood steadfastly by it all the time. We must trust someone. We must trust some leadership. We

may have a hundred leaders in this country, possibly of equal ability, but if they are going in opposite directions, we shall have a divided force which cannot carry out any program.

So far as I am concerned, I have absolute confidence in the President. I have absolute confidence in his program. There are a great many things that he would like to do simultaneously with it, as I should like to have him do a great many things simultaneously with it; but I cannot forget that of the 13,000,000 idle men in this country, at least one third are ex-service men. If that is the case, then possibly two thirds of the ex-service men are not in the idle class. They may be earning a living, and they may not be suffering to the extent that the other 13,000,000, one third of whom are also ex-service men, are suffering. We propose to distribute the proposed inflation through the raising of commodity prices and employment. Our ideal is employment; and, as was said by the Senator from Wisconsin [Mr. LA FOLLETTE] just a few minutes ago, all of this program is useless, it is futile, it is worthless, unless we can furnish work for the millions of idle people in this country, that their purchasing power may be restored and increased. The price of farm products cannot be successfully raised without putting these 13,000,000 in a position to purchase.

Mr. ROBINSON of Indiana. Mr. President—

Mr. PITTMAN. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. The principle of this so-called "bonus" legislation is not even closely related to that proposition.

It is true that service men are out of employment and suffer with the rest; but the whole theory back of paying the so-called "bonus" or "adjusted-service pay"—which averages about a dollar a day, or a little more, for the length of time in the service—is that we may liquidate and discharge a debt, an obligation which the Government admitted in 1924 that it owes these veterans. If it is a debt, an obligation that it owes, it has been due since the day the armistice was signed, November 11, 1918, and is not due in 1945. It is overdue. [Applause in the galleries.]

Mr. LEWIS. Mr. President, I move that we have order, and that the Presiding Officer admonish the occupants of the galleries.

The PRESIDING OFFICER. The Chair desires to admonish the occupants of the galleries that it is strictly against the rules of the Senate to give any demonstration of approval or disapproval; and if it is repeated, the Chair will have the galleries cleared to the extent of the violation of the rules.

Mr. PITTMAN. Mr. President, I still see no difference between the Senator from Indiana and myself with regard to this whole problem of the ex-service men from start to finish or his statement that the bonus is due and should have been paid long ago. What I am discussing is a program that the President of the United States worked out long ago and is now carrying out. It is the order in which these things shall be done.

We are providing for an inflation of the currency. The program carries with it an inflation for the purpose of increasing commodity prices in this country. It is my opinion that should we now pay in cash the debt which we owe to the ex-service men of this country and fail to raise commodity prices, that money would be but a temporary assistance to them, and when spent it would work its way back into the banks and the vaults and the safe-deposit boxes and be hidden again, because money is not coming out of the banks, it is not coming out of the safe-deposit boxes, until there is a steady, orderly, and continuous rise in commodity prices.

Therefore I say that we must follow a program. The program has been laid out. I cannot for one moment conceive that there is in the heart and the mind of the President, any more than there is in my heart or mind, a purpose to do these soldiers an injustice or to postpone for a single day longer than it is necessary the absolute payment of that debt. I believe that they will be happier if they assist their own unemployed—for one third of the unemployed are ex-service men—and assist the farmer in raising his com-

modity prices, so that it may soon be brought about that the President will find a surplus in the Treasury of the United States and the money with which to pay these ex-service men in cash what is owed them.

Mr. President, I realize that any Senator on this floor who has taken the position I have taken ever since the war, who has taken the position before his constituents I have taken, who is a recognized friend of the ex-service man and in sympathy with him as I have been and am now, stands a chance of being misunderstood, stands a chance of retaliation; but I say that in these terrific times, when destruction not only faces governments, but people in business and on the farm are facing bankruptcy, it is the duty of everyone here to take the consequences of doing his honest duty and following his judgment as he sees it.

I believe that today prosperity is approaching in this country. I believe that the program of the President is going steadily to raise commodity prices to a level where there will be a profit. I believe that he is going through with a great program of public works which will take the suffering, idle people of this country and put them to work, and I believe that when that prosperity comes—and I believe it will come soon if the President's program is uninterrupted—then, as was evidently the President's intention when he spoke at Pittsburgh, he will carry out what all of us believe to be a duty and obligation of this Government and settle once and for all the monetary debt we owe to the soldiers of the country—because we can never pay to them the debt of gratitude this country owes them.

I regret so much even to appear to speak against the desires of a great number of soldiers of this country, yet in my heart, in my soul, and in my judgment I am confident that the President has the right program which, if he is unobstructed, will work out not only for the benefit of all the people of this country but will bring about the restoration of the soldiers of the country and the payment of their debt more quickly than anything else could do it.

Mr. TRAMMELL. Mr. President, I do not know that the amendment that is proposed is of the best terms to meet the present situation; but since I witnessed during the early years of the depression, and the more acute years of the depression, and see at the present time no effort or interest apparently on the part of those who are the leaders in either the House of Representatives or the Senate, to make any provision whatever to assist the veterans of the World War during this crucial time, I am going to vote for the amendment that is proposed. I will do so with no particular expectation of its being adopted, but I want it distinctly understood that I think the case of the veterans is worthy and should be considered. They have been deserving of consideration during the past 3 years, but they have not received that attention and justice which I feel they deserve at the hands of Congress.

In all of the legislation that has been enacted during this session there has been nothing beneficial to the veteran. He has suffered so far the brunt of the economy program. About \$400,000,000 have been taken off the compensation that was to have been paid to the soldiers. With some of them their compensation, probably, should have been reduced. In at least some instances they probably should have been stricken from the roll entirely, but to strike from the benefits to which Congress had previously said these veterans were entitled, the sum of \$400,000,000 at one stroke was certainly not very kind consideration for the veterans of the country.

I believe in economy; I believe we should have adopted a plan of economy; I have always worked and voted for economy; but, to be frank about the plan and the system, I am not in sympathy with the ruthless way and manner in which it was applied to the veterans of the country as the very first decided move under the plan for economy.

I know the kindly feelings of the President, and appreciate them. I voted for the economy bill, having every confidence in him. But the Economy Act in that particular was not administered by the President; it was administered by the Veterans' Administration and the head of the Vet-

erans' Administration. As far as legislation is concerned, for 3 years, the soldier has been the forgotten man.

Mr. President, let us consider the matter of assistance granted under the Reconstruction Finance Corporation Act. The administration of the law was as generous as seemed necessary in the beginning toward assisting railroads. It has been as generous as seemed necessary from the beginning in the assistance of building and loan associations, and every character of security held by corporations and by banks. The Reconstruction Finance Corporation has been generous in the making of loans for so-called "self-liquidating projects"; but we have not seen anything written into any of these laws under which the soldier could even borrow money upon his compensation certificate—a security representing a Government obligation, a certificate which was issued to him by the Government of the United States.

Mr. President, I am not making any complaint, but I feel a very serious disappointment that, in all of this plan for taking care of the depression, and for the alleviation of the hardships being suffered by the people, there has been no legislation whatever brought forth or suggested for the direct benefit of the veterans of the country, and I do not think they should be ignored. They have good security, and should be authorized to borrow money. They have better security than much of that behind the \$2,000,000,000 which has already been loaned by the Reconstruction Finance Corporation to the insurance companies, the railroads, the banks, and other corporations of the country. Yet one is accused of disloyalty if he says that the veterans in all this picture, in all this great scene of distress and despair in this country, are entitled to a cash bonus or to loans on his certificate which the United States Government has given them. I am for any reasonable plan to help the veterans to get relief on their compensation certificates.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. TRAMMELL. I will yield, but I do not want to lose any of my time, which is limited to 15 minutes.

Mr. ROBINSON of Indiana. I just want to suggest to the Senator that he is quite right. Nothing has been done for the veteran during the 3 years of the depression, but much has been done against him. Even his vested rights have been taken from him, after they had been established in him by the Congress, without consulting him in the slightest degree, and after he has adjusted his life to living according to those rights and benefits.

Mr. TRAMMELL. Of course, I know we had to effectuate economy, but I think that even under the economy bill it is very pathetic, that it is a tragedy beyond the imagination of the most imaginative, to reflect that the first groups and the first element of our citizenry in all this country who had to be the first stricken under the economy act were the veterans who had fought for and defended the Nation in the hour of its peril.

Mr. President, I feel that some consideration should be given to them. Of course, this matter has come up rather hurriedly, and some other plan might have been worked out. We are working on a farm-relief proposal, and I am heartily in favor of what will help the farmer; but this is not the first time that I have witnessed in this body a plea for the defeat of some amendment which someone favored because some certain amendment was attached to it. I have seen splendid amendments defeated upon that excuse in many instances. Had any effort been made heretofore during the last year and a half or two years to make any equitable and just settlement with our veterans, then, of course, I might respond a little more, and be appealed to a little more, when I am told, "Just do not vote for this." You will never get a chance, my friends, to vote for anything in behalf of the veterans unless conditions change very much if you do not vote for something in the nature of an amendment to some other bill, and I am going to support the amendment.

Mr. LONG. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. LONG. I just wanted to make this remark to the Senator: After condemning the railroads for their bad practices we passed a law to help them get out of trouble. After condemning the banks for their robbery we passed a law to get them out of trouble, and now we cry over the veterans but take \$400,000,000 away from them.

Mr. TRAMMELL. That is true. The people who fought for the Nation, who suffered for the Nation, and never under God's sun have harmed the Nation in any respect, were never guilty of doing anything that would tend toward undermining the institutions of the United States, the defenders of our Government, whom we all cherish and love, who have been faithful and loyal to the flag both on the battlefield and in peace—those people are punished, probably on account of their patriotism, on account of their loyalty in war and in peace. They are forgotten on account of their loyalty and their patriotism in time of war and in time of peace.

Mr. President, these veterans were not only faithful, they were not only the able defenders of the United States in the greatest war of all history, but following the war, taking them as a group or class, there has been no more patriotic group of citizens than the veterans of the Great War. In fact, I have found them in the main more zealous and more energetic in defending the principles of our American system of government than any other group of citizens. Yet some Senators here say they must not even be considered. I do not say that we should have to pay them at this moment the \$2,000,000,000 all in a lump, or anything of that character, but my disappointment is that they get no consideration from Congress.

Mr. President, as far as my position is concerned, I think that the best remedy at the present time, and under the present financial conditions, would be to authorize them to obtain loans without interest upon the face value of their adjusted-service certificates. Give them that recognition, and the security which the Government would receive would be worth 100 cents on the dollar, whereas much of the security that has already been accepted, and is in the hands of the Government agencies, is not today worth more than 70 or 75 cents on the dollar, and upon some of it we will never realize at all.

I think it is desirable to make secure every class of industry. The Government is willing to advance large sums of money for that purpose, at least in some direction. We are expecting to authorize shortly expansion for the purpose of raising money for the objects mentioned in the bill, and while it is a little irregular to adopt an amendment of this character on a measure of the kind pending, it would be discretionary with the President; and my own feelings and sentiments are strongly in favor of doing something toward making some adjustment with our veterans, not only as a recognition of their services, not only as a tribute to them and as an expression of our gratitude to them, but as a matter of justice, and that recognition at this time can only be expressed by adopting the amendment which is suggested and which leaves the matter purely in the discretion of the President.

Congress has not been at all timid about giving all kinds of discretion to the President. I myself have voted for practically all the bills extending arbitrary powers, even the unreasonable powers to the Secretary of Agriculture which are granted by this very bill. So that there is nothing that is at all inconsistent in authorizing the President in this measure to consider the question of a cash compensation to our veterans. I would rather have the amendment also provide that the matter of authorizing loans upon the certificates might also be considered.

In the main, our veterans are about in the same condition as are our citizens generally. I find a great many of them who are in sore distress for the necessities of life; I find a great many of them out of employment; and they are certainly as worthy of consideration from the standpoint of security. Certainly the soldier deserves as much and more than anyone else.

No nation, it is said—and I think it is true—has ever survived—

The PRESIDING OFFICER. The Senator's time has expired on the amendment.

Mr. TRAMMELL. I merely want a few minutes more on the bill.

No nation has ever survived permanently that became absolutely forgetful and unappreciative of its soldiers. I recall from my youth, when a small chap around the family fireside, I was taught by my good mother and father to respect and honor the men who had gone to the front to fight for their country in its hour of peril; and the lessons of those days have since followed me, I am thankful to say to the honor of those good parents, down to the present day. I believe that a nation should not only be appreciative of and honor its soldiers, but in the present crisis that they should certainly stand upon an equality when we are trying to overcome the depression which exists. So far in Congress for the last 2 or 3 years I have not seen that the soldier stood on an equality even with the average citizen. I hope, therefore, we may adopt this amendment and at least accord that recognition. Then the conferees may probably be able to frame some amendment or provide some adjustment which will, at least, be of assistance to our veterans who are in need, who are in despair, who have their Government security but cannot use it, because the Government does not authorize it to be used for the purpose of their obtaining funds.

I am just as much in favor of the pending bill, generally speaking, as is the average Senator, and I am sorry to vote for an amendment that some of the Senate leaders do not desire to have placed on this particular bill, but I have found out that, as a rule, if the majority favor a certain policy and adopt a necessary measure in the nature of an amendment that the principal cause to which it is attached is never defeated on account of an amendment. The conferees between the two Houses then try to work it out in an equitable way so as to preserve the principle and the best features of the measure.

I should be glad to see this amendment adopted and at least considered by the conferees. As I say, if adopted, it will do no more than authorize the President to pass on the question. We did not hesitate to authorize the President to place in force all character of regulations in regard to economies; we did not hesitate to do the most unusual thing I ever heard of in a legislative body, namely, to pass legislation which provided that funds which had been appropriated for certain governmental purposes should, if not already obligated, be diverted and used to carry on the reforestation plan. The Senate and every Member of the other House who voted for that plan authorized the taking, if it had not been contracted for, of every dollar appropriated for public roads and for public buildings and all character of public improvements and diverting it to reforestation work. We were then willing that the people back home, who are carrying on road construction by the thousands in many States, should have their road funds taken from them and put into the reforestation scheme. We are already beginning to feel the results of that action in some States. I know in my own State that such action will diminish, I have been told by good authority, employment in the State by about 5,000 in about 3 or 4 months. If it shall not be adjusted, there will be about 5,000 fewer people employed.

I have also heard from other States and, as a matter of fact, I have been told by officials who know as well as anybody could that our action in transferring the appropriation from the road fund to the reforestation work will result in a complete winding up of the road construction along about September and the throwing out of employment of about 400,000 men. Some have been willing to vote such authority, which will probably have results of that character; I do not see why we should not vote authority in this instance.

Of course, I am hopeful that the situation to which I have referred will be corrected by further appropriations for road

construction, but there has not as yet been any effort made toward getting further appropriations for such construction. Where work is already started they have begun to cut down the number of employees; they have already ceased making contracts that involve a large amount of road construction and a large amount of employment. That has all been done. I am hopeful, I repeat, that that will be corrected by legislation; but I mention it as one instance showing how we have voted to delegate authority to the President to transfer public funds even from projects that Congress thought were proper when they authorized the appropriation.

So, Mr. President, I have no fear and no apprehension about voting to authorize the President to make the adjustment provided by the pending amendment as he feels disposed to make it, and I am going to vote for the amendment and hope he will help the soldiers.

Mr. HATFIELD obtained the floor.

Mr. LEWIS. Mr. President, I rise to a parliamentary question.

The PRESIDING OFFICER. The Senator will state it.

Mr. LEWIS. Mr. President, the Presiding Officer of the Senate, in discharge of his duty, had occasion to support the motion calling for order in the galleries. The attendants at the doors located one or two or more of those who had participated in the active applause disturbing the debates.

Mr. President, I am sure they were gentlemen or ladies who were accustomed to attend the other House, and, recognizing that there was a privilege of applause there, fell into an enjoyment of it here, without an intent to disturb the debate. The Chair was right in being impatient, for such demonstrations had been transpiring frequently. I now move that the Chair announce to the attendants at the door that those who created the disturbance unintentionally, as we feel they did, if with an understanding now that our rules do not allow such demonstrations, shall be permitted by the attendants to return to their seats in the gallery, upon the understanding that they will accord obedience to the rule as announced by the Chair at the time.

The PRESIDING OFFICER. Inasmuch as the Chair did not order the galleries cleared and the attendants escorted the ladies and gentlemen out of their own accord, the Chair will say that it does not require a motion, but the Chair is willing to put the question on the motion. [Putting the question.] The motion is agreed to, and the attendants and doorkeepers will readmit those who were escorted out, if they can be located.

Mr. HATFIELD. Mr. President, I should like to ask the Senator from Indiana if he will tell us whether or not the amendment which he has offered makes it compulsory upon the part of the veterans to accept the payment of their certificates, or is it optional?

Mr. ROBINSON of Indiana. It is entirely optional. The Senator wants to know whether or not a veteran, in case this amendment should be adopted and should become the law, would be forced to accept immediate payment for his certificate? He would not be, if that is the question, because it is necessary that the veteran make application for payment of the adjusted-service certificate, and that application must be acted upon before he may receive payment. So it is entirely optional with the veteran.

Mr. HATFIELD. Do I understand correctly that the Senator has accepted an amendment that leaves it within the discretion of the President as to whether or not any part of the service certificate shall be liquidated or paid at the present time?

Mr. ROBINSON of Indiana. Yes; I reluctantly accepted that suggestion yesterday. I was anxious to make the provision mandatory, so that out of the \$3,000,000,000 provided in this so-called "inflation bill" we might pay this debt to the veterans immediately, in full, and that the Secretary of the Treasury should be directed to issue notes for that purpose; but I did not desire to be obstinate, and there were those in sympathy with the measure who felt that they could vote for it if it were made discretionary with the President. Since that was the whole theory on which the other provi-

sions of the bill were written, making it discretionary whether the President should exercise the powers given or not, they did not like to have any exception made in this instance. So, notwithstanding the fact that I felt that it ought to be mandatory, that the veterans need the money now, and that it ought to be paid immediately, in deference to those who are in sympathy with the amendment and felt that only thus could they vote for it, and in order to secure additional strength for it, I consented to that change.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Idaho?

Mr. HATFIELD. I yield to the Senator from Idaho.

Mr. BORAH. Mr. President, aside from the merits or demerits of this particular measure, it would be a healthy thing if Congress itself would really do something instead of delegating all its powers.

Mr. HATFIELD. If it would do something in a mandatory way.

Mr. BORAH. The Congress is coming to be—I will not use the word that is on my lips—but it is really coming to be almost ridiculous. In every movement we make we shun our responsibility and step aside from our obligations and impose that which we ought to do upon somebody else.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. HATFIELD. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. I should like to suggest to the Senator who has just spoken that I am in thorough agreement with all he says; I think he is exactly right; and I was sorry to have to yield in this instance. I felt we should go ahead and insist that the adjusted-service certificates be paid. I also felt, after canvassing the situation, that we could not secure enough votes to get them paid. It is results I am after; that those people who are hungry may be fed and those who need clothing may have money with which to buy clothing; and I felt that perhaps we could get some result in this way. So I accepted the change because of that, and because we had not enough strength to adopt the amendment without making the change.

Mr. LONG. Mr. President—

Mr. HATFIELD. I yield to the Senator from Louisiana.

Mr. LONG. It was at my suggestion that the Senator from Indiana agreed to this change. I suggested it, not that I preferred it but because I was told by several Senators that they would support the amendment in this shape. As the Senator from West Virginia probably knows, we have been doing our legislation by abdication rather than by act of Congress, and I did not feel that, except through the abdicating process, I could get enough help to feed the soldiers. That was the only reason for the suggestion.

Mr. ROBINSON of Indiana. Mr. President—

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Indiana?

Mr. HATFIELD. I yield.

Mr. ROBINSON of Indiana. If the Senator will permit me further, the very distinguished Senator from Nebraska [Mr. NORRIS] also felt the same way about it. He felt that the measure ought to be consistent throughout; that since the power given in other particulars is discretionary with the President, we ought not to make an exception in this instance; that one way he could support it and the other way he could not. I was anxious to have his support, if possible, as well as that of every other Senator on the floor.

Mr. HATFIELD. Mr. President, on June 7, 1932, I voted against the soldiers' bonus bill for the reason that I felt that the soldier should be paid in sound money. Now that we have definitely decided that we are going to embark on inflation for our monetary system in this country, I see no reason why I should not vote for the adoption of an amendment giving the soldier the right, if he chooses, to accept fiat money in full payment of his certificate. Frankly, I have always felt that the certificate should be paid in gold dollars of 23.22 grains of pure gold each, for the service the soldier rendered to the American flag, the reputation that he established upon the field of battle. But now that the

opportunity will not come to us at any time in the near future whereby we can pay the soldier in this kind of sound money which we have always had in America, I shall not hesitate to give the World War veteran an opportunity, if he chooses, to accept fiat money in payment of his service certificate.

Mr. LEWIS. Mr. President, I suggest the absence of a quorum and ask a roll call.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Reed
Ashurst	Costigan	Kean	Reynolds
Austin	Couzens	Kendrick	Robinson, Ark.
Bachman	Cutting	Keyes	Robinson, Ind.
Bailey	Dale	King	Russell
Bankhead	Dickinson	La Follette	Sheppard
Barbour	Dieterich	Lewis	Shipstead
Barkley	Dill	Logan	Smith
Black	Duffy	Lonergan	Steiwer
Bone	Erickson	Long	Stephens
Borah	Fess	McAdoo	Thomas, Okla.
Bratton	Fletcher	McCarran	Thomas, Utah
Brown	Frazier	McNary	Townsend
Bulkeley	George	Metcalf	Trammell
Bulow	Glass	Murphy	Vandenberg
Byrd	Goldsborough	Neely	Van Nuys
Byrnes	Gore	Norbeck	Wagner
Capper	Hale	Norris	Walcott
Caraway	Harrison	Nye	Walsh
Carey	Hastings	Overton	Wheeler
Clark	Hatfield	Patterson	White
Connally	Hayden	Pittman	
Coolidge	Hebert	Pope	

Mr. LEWIS. I beg to announce that the Senator from Kansas [Mr. MCGILL] and the Senator from Minnesota [Mr. SCHALL] are absent on official business.

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. LONG. Mr. President, I want to make a brief reply to some remarks made about the bill, particularly by the Senator from Arkansas [Mr. ROBINSON] and the Senator from Nevada [Mr. PITTMAN]. The Senator from Arkansas does not particularly express the desire so much as does the Senator from Nevada for the immediate payment of the bonus. The Senator from Arkansas rather appears to oppose the amendment on the same ground as does the Senator from Oklahoma [Mr. THOMAS]; that is, that the amendment does not belong on a farm relief bill. The Senators from Arkansas, Nevada, and Oklahoma have forgotten what the bill is. Let me state what it is.

The bill deals with the size, age, and limit of a litter of hogs. It deals with the leasing of land; the making of tariffs up and down; the marketing of crops; the levying of taxes; the granting of permits to plant, sell, lease, or buy; the manufacturing of commodities; the buying of farm crops for the benefit of the farmer; the remonetization of silver; contracting with the Federal Reserve Board for currency; the powers of the Reconstruction Finance Corporation; devaluation of the gold dollar; giving the President authority to issue currency; settlement of international debts; international trade agreements. In fact, before we ever get to the bonus, the bill has assumed proportions which it seems could be better described by a few words from Macbeth if we were to undertake to describe the bill as now here and as now arranged. For a brief description which might be somewhat in point as a description of what the bill is even without the bonus provision in it:

Round about the caldron go;
In the poison'd entrails throw.
Toad, that under cold stone
Days and nights has thirty-one
Swelter'd venom sleeping got,
Boil thou first i' the charmed pot.
Double, double toil and trouble;
Fire burn, and caldron bubble.
Fillet of a fenny snake,
In the caldron boil and bake;
Eye of newt and toe of frog,
Wool of bat and tongue of dog,
Adder's fork and blind-worm's sting,
Lizard's leg and owlet's wing,
For a charm of powerful trouble,
Like a hell-broth boil and bubble.

[Laughter.]

I shall not read further. There is nothing that has not been thrown into the pot of this bill—so much so that the Constitution is practically remade and unmade as a result of it.

As to the bonus, we are undertaking to authorize the President to do what the Senator from Nevada [Mr. PITTMAN] said he is capable of doing. The Senator from Nevada labored to tell us that the President is wise, sagacious and trustworthy; but when we come to authorize the President to settle the matter of taking care of the soldiers for whom the Senator from Nevada and all of us shed tears, when we try to authorize this good man, this sagacious man, this trustworthy man, to deal with the problem of helping those for whom Senators are crying, then they are unwilling to risk the President and inform us that the President is unwilling to have himself risked with the proposal.

It is the only time since we met in this extraordinary session of Congress that we have found anybody here urging that the President does not want any authority and that we ought not to give him authority. It is the first time, I mean, that we have asked authority for the President that it has been disputed. It is said that it is in order that we shall not confuse the bill. It is not for that purpose, as will be seen if Senators will only look far enough. It is not for any purpose that I can see—because it certainly is not expressed on the floor—except that if the soldiers' bonus amendment is put on the bill it means an actual inflation of the currency and a distribution of it.

It is true that it is proposed that the President shall be authorized "in his discretion". Someone has said here that the provision is practically mandatory. Why would it be any more mandatory on the President to issue this money for payment of the soldiers' bonus than to issue it for other purposes?

Up to this time we have been deflating. Deflating out of whom? Out of the people of the United States. We deflated 400 millions out of the soldier. We wept over him, we cried over him, and we prayed over him, but we took \$400,000,000 out of his hide. We wept over the wage earner, cried for him, prayed for him, but we took \$100,000,000 out of his hide. Then we denounced the bankers. We put up institutions to give them more currency. We denounced the railroads and then passed special laws to allow them to go through receiverships. We denounced other big masters of finance and big institutions, but with every denunciation that has been heaped upon the heads of the big men we have gone forward with some program to take out of the hide of the little man and give to those for whom we have created every kind of special blessings under the law.

We owe the bonus. We have to pay it. We have to pay it in 1945. Whether we vote for this amendment or not the bonus has to be paid. Are we going to go back from the Democratic Party to the people saying that we have inflated for everybody except the soldiers, that we have already taken away from one third up to as high as one half of the revenue that has been given to the soldiers by solemn act of Congress, taken it away from them by the so-called "economy bill", and that then we have devalued the gold dollar and inflated the currency to where the 65 cents that he had left is worth only 32½ cents?

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. LONG. I yield.

Mr. ROBINSON of Indiana. I think the Senator is referring to the battle-scarred veterans who received their wounds and injuries and disabilities at the battle front. From untold thousands of others we have taken everything, 100 percent. Is that clear to the Senator? We have taken 100 percent from any number of them.

Mr. LONG. I am speaking of the class that we have hurt the least. The battle-scarred and battle-wounded veteran has given up 35 percent under the nefarious and iniquitous economy bill that we put through Congress. We greased it in order that it might go through like chain

lightning. But we come along to a bunch of others who did not have wounds and battle scars and we take from 50 to 75 and even a hundred percent of everything that has been voted to them by the Congress. We have taken from 35 to 100 percent away from men who left their work and went to the front, and now we come along here to devalue what they are getting now. If it is 50 percent or 25 percent left them, we propose to cut it in two and make it 25 cents out of the 50 cents and 12½ cents out of the 25 cents. Yet we must pay the bonus.

I have heard this cry, that "We must do justice by the soldier, but it cannot be done on this bill", ever since I came to Congress. Every time the question comes up Members say, "Oh, I believe in treating the soldier justly", and I am not able to make eloquent perorations such as are made by those who are against this amendment, but they sound something like this: "They fought our battles; they slept in the trenches; they faced the bullets, and then went forward at the call of democracy"; but after finishing those eloquent perorations their votes are always "no." There is never an amendment that comes up here in such a shape, manner, or form that they can vote to do justice by the soldier.

If these gentlemen do not like the amendment that the Senator from Indiana has offered, why do they not get up an amendment of their own? They have had enough time in which to do it.

So that the Senator from Nevada [Mr. PITTMAN] may know my position, I am not proposing that the Government shall go out and take any money away from any other enterprise. Here is a difference in the Robinson amendment, which I fear none of us have studied up: We have provided, by the first section of the Thomas amendment, that \$3,000,000,000 of currency can be exchanged by the Federal Reserve banks for bonds of the Government that are now outstanding. The holders of those bonds may exchange them for currency, or they may not. If they do, the \$3,000,000,000 in currency would probably go to the banks, and it would depend upon the banks as to how far they are going to put it out and as to what they are going to put it out for. The chances are that it might be put out for other obligations of a similar character, and we actually might get very little inflation from the first \$3,000,000,000.

Instead of putting in this provision that we are going to take up the obligations of the Government that are held by the banks, what we propose to do by this amendment is that the obligation that the Government owes the soldier shall be taken up with the same currency. It is not proposed to issue one more dime of currency. It is not proposed to issue one more copper cent's worth of obligations of the United States. The only difference is that the money will be put in the hands of 3½ million soldiers, from whom we have recently taken the very lifeblood on which they are now surviving, and from whom we are going to take, by our inflationary process, 50 percent of the value of the compensation that is allowed to them under the Executive order of the President.

I submit, Mr. President, that there is no sound view against the payment of this soldiers' bonus. I never thought we would have to apologize for presenting a claim of the soldiers of this country.

I do not understand the policy of the President of the United States. Why is it—the Senator from Arkansas tells us that this is true—that the President of the United States is resisting and crying aloud not to be entrusted with the authority to pay the bonus of the soldiers out of this inflated currency? Why is it that he is crying aloud for authority over the banks, over debts, over tariffs, over everything, from the top of the sky to the bottom of the earth? What is the justification for giving him authority to regulate all of these other affairs and still having him—so we are told by the leader on this side of the Chamber—resist being given the authority to pay the bonus to the soldiers?

I cannot quarrel with the Senator from Oklahoma [Mr. THOMAS]. I think he is wrong. I think he is just as wrong as he can be; but he has made a very valiant fight here

for the soldiers' bonus. He has made a very valiant fight for the inflation of the currency. We know him to be absolutely sincere. The Senator feels that inasmuch as he had offered a bonus amendment before, and inasmuch as the administration has endorsed what he now is submitting to Congress, he is naturally bound by it. But the Senator from Oklahoma would not be here with this amendment now if it had not been that he and the Senator from Montana [Mr. WHEELER] and myself and others defied an ultimatum from the White House some time back. Did we not have an ultimatum delivered here that the President did not want the Wheeler amendment adopted? And we did not pay any attention to it. We went by a majority of 4 votes on this side of the Chamber in favor of the Wheeler amendment, and it took the Republican Party to keep us from enacting it into law that day; and it was only a few days later when the White House came along with an inflationary program. That is why the Senator from Oklahoma is here with this amendment now. He would not have had the opportunity to come here with the administration's indorsement except for that showing made here; and now we are told by the Senator from Nevada that we have to follow the President in his program, that he has a program mapped out. Well, he did not have that part of it mapped out. We mapped it out for him and then it came back here.

In other words, we are told to follow along on the program; that it is going to come out all right. At the same time we are arguing in favor of a program that never would have been before the United States Senate if it had not been for the fight that was made here for the Wheeler amendment, which brought this thing to a showdown. We had to inflate the currency, and I say that we have three and a half million soldiers of this country, a large part of whom were on the point of starvation even before the economy bill was passed. I say that since we have taken away from them what we have, many of those soldiers and their wives and children and some other people dependent upon them are in destitute circumstances today.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. CLARK. Mr. President, nothing of which I can conceive would give me greater pleasure than to be able to vote for any measure for the improvement of the condition of the ex-service men of this country.

With many of the men with whom I soldiered, many of whom are holders of these adjusted-service certificates, I enjoy a relationship and feel an affection which I do not believe could be closer and deeper if they were my blood brothers. But, Mr. President, I feel too deep an affection for the ex-service men of this country to be willing to vote to delude them with false hopes and illusory promises, to raise hopes in their breasts which are certainly doomed to disappointment.

The President of the United States has announced, through the majority leader in this body, that he will not put into effect the permissive powers—and they are permissive, not mandatory—granted to him by this amendment. I am not willing to delude, to fool the ex-service men of the United States in order to afford an opportunity for Senators and Representatives who voted for the economy bill, when they did not believe in it, to try to square themselves with some of their constituents by voting for this amendment.

Mr. ROBINSON of Indiana. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Indiana?

Mr. CLARK. I do.

Mr. ROBINSON of Indiana. Will the Senator vote for the amendment if it is made mandatory?

Mr. CLARK. No; I will not.

Mr. ROBINSON of Indiana. Then it makes no difference to the Senator whether it is discretionary with the President or mandatory?

Mr. CLARK. The President of the United States unquestionably will veto the bill if it is made mandatory. I will say to the Senator from Indiana that I am not willing,

for political purposes, to undertake to put the President of the United States in a hole for a measure that I know cannot be made effective over his opposition.

Mr. ROBINSON of Indiana. There will be no politics in it. If the amendment is adopted and made mandatory, the veterans will receive the money. I understand the Senator to be unwilling to vote for this bonus proposal either way.

Mr. CLARK. I will say to the Senator that I intend to vote against the bill anyhow; but I am not willing, for partisan or political purposes, to undertake to put the President of the United States in a hole on a measure that he does not favor, and vote for an amendment that will make him veto the bill if it is put in.

Mr. ROBINSON of Indiana. I want the Senator to understand that so far as I am concerned there is no politics in it.

Mr. CLARK. I acquit the Senator of any political intention, because he has been very consistent in his policy all the way through.

Mr. ROBINSON of Indiana. It is a question only of getting money to these deserving veterans and of liquidating a just debt.

Mr. CLARK. I will say to the Senator that there is no man in this body or any other body who is more anxious to take care of the deserving veterans than I am; but I am not willing, on a measure of this sort, in order to allow Senators and Representatives to apologize to some of their constituents for their votes on the economy bill, to adopt an amendment simply for the purpose of putting the President of the United States in a hole.

Mr. President, I stated to my constituents in the course of my campaign that I was in favor of the payment of the adjusted-service certificates as soon as the condition would justify it, and that I would vote against such payment until such time as the condition of the Treasury would justify it. I do not believe that the present condition of the Treasury will justify such payment, and I do not believe that any Member of this body can honestly and fairly say that he does.

The passage of this amendment, in view of the President's announced position, is simply to invite a march by another "bonus army" similar to the expedition whose visit to Washington last year was the occasion of one of the most tragic and disgraceful incidents in the history of the Republic.

Mr. President, it is not necessary for me to indulge in idle gestures to prove to the ex-service men of the United States my very deep interest in and concern for their welfare. Therefore I shall vote against this amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Indiana [Mr. ROBINSON] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. ROBINSON of Indiana and other Senators called for the yeas and nays; and they were ordered.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll.

Mr. LEWIS (when Mr. MCGILL's name was called). I am directed to announce that the Senator from Kansas [Mr. MCGILL], being absent on official business, is paired with the Senator from Minnesota [Mr. SCHALL], who also is absent on official business.

The roll call was concluded.

Mr. NORBECK. On this question I have a pair with the Senator from Maryland [Mr. TYDING]. If he were present, he would vote "nay." If I were at liberty to vote, I should vote "yea." I withhold my vote.

Mr. TOWNSEND. I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. I am informed, however, that if he were present he would vote as I intend to vote. I therefore feel at liberty to vote, and vote "nay."

Mr. HEBERT. I desire to announce that the junior Senator from Oregon [Mr. STEIWER] is unavoidably detained from the Senate on official business.

The result was announced—yeas 28, nays 60, as follows:

YEAS—28

Bone	Frazier	Neely	Russell
Bulow	Hatfield	Norris	Shipstead
Caraway	La Follette	Nye	Thomas, Utah
Carey	Logan	Overton	Trammell
Copeland	Long	Pope	Vandenberg
Cutting	McAdoo	Reynolds	Van Nuys
Dickinson	McCarran	Robinson, Ind.	Wheeler

NAYS—60

Adams	Capper	Goldsborough	Metcalf
Ashurst	Clark	Gore	Murphy
Austin	Connally	Hale	Patterson
Bachman	Coolidge	Harrison	Pittman
Bailey	Costigan	Hastings	Reed
Bankhead	Couzens	Hayden	Robinson, Ark.
Barbour	Dale	Hebert	Sheppard
Barkley	Dieterich	Johnson	Smith
Black	Dill	Kean	Stephens
Borah	Duffy	Kendrick	Thomas, Okla.
Bratton	Erickson	Keyes	Townsend
Brown	Fess	King	Wagner
Bulkley	Fletcher	Lewis	Walcott
Byrd	George	Loneragan	Walsh
Byrnes	Glass	McNary	White

NOT VOTING—7

Davis	McKellar	Schall	Tydings
McGill	Norbeck	Steiwer	

So the amendment of Mr. ROBINSON of Indiana to the amendment of Mr. THOMAS of Oklahoma was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. THOMAS], as amended.

Mr. DILL. Mr. President, I send to the clerk's desk an amendment, which I desire to offer.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. The Senator from Washington offers the following amendment:

On page 4, after line 24, to add the following new paragraph:
"All contracts, bonds, notes, or other forms of agreement hereafter made for the payment of the same in gold shall be payable in lawful money of the United States declared to be legal tender for the payment of all debts, public and private."

Mr. DILL. Mr. President, I shall not take much time in discussing this amendment. I call attention to the fact that it does not apply to any bonds, contracts, or agreements made previous to the enactment of the pending bill. I believe, however, that none of those agreements could be enforced in the courts of this country since the 4th of March, because when the sovereign power made it impossible for anybody to get gold, I do not believe the courts would require gold to discharge an agreement of that kind. I do not want to enter into that discussion, however. I only call attention to it to show how futile it is as a general provision of contracts.

Mr. President, I have offered the amendment so that hereafter it may be understood that any contract or agreement made in this country, payable in gold though it may be, can be discharged by the payment of lawful money of the United States declared to be legal tender. I believe that such an amendment to this measure is desirable because of the fact that the common use of money in this country is the use of currency, and the fetish we have made of gold is one of the causes of much of the premium that is placed upon that metal.

I am not going to take more time of the Senate. I simply want to bring the amendment to the Senate's consideration, and hope it will be adopted.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. PITTMAN. Is there an inference carried in the amendment that contracts made prior to the enactment of the pending bill must be paid in gold?

Mr. DILL. No; I think that question is not affected. If there is any doubt about the question, it will have to be decided in the courts; but to remove all doubt about the future, it seemed to me that this amendment would be desirable.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. CONNALLY. Does the Senator's amendment positively require that future payments shall be made in lawful money of the United States?

Mr. DILL. The amendment provides that any contract, whether there is a gold clause in it or not, may be discharged by the payment of lawful money, declared to be legal tender for the payments of debts, both public and private.

Mr. CONNALLY. Does not the Senator think he should go further and declare unlawful contracts providing for payment in anything but lawful money?

Mr. DILL. I may say to the Senator from Texas that I first prepared my amendment in that form, but I came to the conclusion that there were some contracts made by some organizations, or even individuals, which could not be so declared by Congress, so I took the other method of reaching the evil, namely, of providing that all agreements or bonds hereafter made could be discharged by payment in lawful money.

Mr. REED. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. REED. Suppose after this amendment were adopted and became law the Senator were to make an agreement with me for an exchange to take place 12 months from today, an agreement that he would manufacture and deliver to me 100 harvesting machines, and that I, on my part, would agree to provide and deliver to him in exchange therefor 300 ounces of fine gold. That would be an exchange transaction; that would not be the payment of any money at all. Would the Senator's amendment affect such a contract?

Mr. DILL. I think it would. I think the contract could be discharged by payment of lawful money of the United States.

Mr. REED. Then suppose we did not use gold, but suppose we used tin, or antimony, or pig iron, or some other metal; would it apply to that?

Mr. DILL. It would not.

Mr. REED. It would apply only to metallic gold?

Mr. DILL. It would apply only to gold.

Mr. REED. Very well. Then suppose the Senator should agree to exchange his harvesting machines with me the next year for so many ounces of platinum. It would not apply to that?

Mr. DILL. It would not apply to platinum.

Mr. REED. Then I think we will know how to write our contracts in the future.

Mr. DILL. I simply want to put an end to making a god of the gold dollar, as it has been made in the contracts and bonds in this country for the past few years.

Mr. NORRIS. Mr. President, will the Senator yield to me?

Mr. DILL. I yield.

Mr. NORRIS. I am wondering about the correctness of the Senator's answer to the Senator from Pennsylvania. I understood the Senator to say that if he had a contract to deliver a certain number of ounces of gold, the amendment would apply to such a contract.

Mr. DILL. In the way in which my amendment is written, I think that is true. I do not say "in gold dollars"; I simply say "in gold."

Mr. NORRIS. In the case put, gold would not be money; it would be a pure commodity, just like cattle or hogs.

Mr. DILL. Yes.

Mr. NORRIS. I do not understand why those agreeing would not be in the same predicament as though they had contracted for the delivery of some other commodity. Let me suggest to the Senator that if the person who had agreed to deliver so many ounces of gold defaulted, did not make any delivery, and he were sued on his contract, the one suing would get a judgment payable in money, and, if the defendant did not have the gold, if it could not be replevined, the plaintiff would get a money judgment for damages.

Mr. DILL. Yes.

Mr. NORRIS. That would be payable in lawful money.

Mr. DILL. That is true.

Mr. NORRIS. As the Senator from Pennsylvania suggests, the amount of the judgment would be based on the

value of the gold which the Senator had agreed to deliver, but did not deliver.

Mr. DILL. Undoubtedly, but my reason for not saying "gold dollars" was that I did not want it to be possible to evade the statute by specifying ounces of gold. I want to take away from gold this divine halo which has been put around it by the business men of this country and the banks of this country, and even by the Treasury of the United States.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. BULKLEY. I want to inquire what the Senator thinks about the effect of the Thomas amendment on contracts payable in dollars of a specified weight and fineness of gold already in existence?

Mr. DILL. That is a legal question to which I have given some attention, but I am not at all convinced in my own mind, even, as to what the courts will do with that proposition if the amount of gold in the dollar is decreased.

Mr. BULKLEY. Does not the Senator think it would be desirable for the Congress to make clear its intent in that respect?

Mr. DILL. To that I have no objection, if somebody else wants to offer the amendment, but I did not want to confuse the constitutional question which is involved in an attempt to do what the Senator suggests with the proposal which I make as to the future, in which I think there is no constitutional question.

Mr. BULKLEY. I asked the Senator that question because it seems to me it is a question we cannot afford to leave in doubt in connection with this bill. What I have been afraid of is that if the Senator's amendment is adopted it will preclude my offering an amendment at exactly the same place in the bill. I will ask the Chair whether it will be in order, if the pending amendment should be adopted, for me to offer another amendment, to appear at the same place in the bill, covering the same subject matter?

The PRESIDING OFFICER. It would be in order following the amendment of the Senator from Washington.

Mr. BULKLEY. It would still be in order?

The PRESIDING OFFICER. The Chair thinks so.

Mr. DILL. If it refers to contracts already made, it would be a different amendment.

Mr. BULKLEY. It refers to contracts heretofore or hereafter made.

Mr. KING. Mr. President, those persons who believe or effect to believe that the silver question, as it is termed, was effectually disposed of when Mr. Bryan was defeated for the presidency in 1896, are beginning to discover their great mistake. During the discussion upon the pending bill, frequent references have been made to the lessons of the past, and we have been conjured not to abandon the path of experience or forget the lessons of history. These admonitions have a sound base upon which to rest. Invoking the rule of experience, which it has been urged should be in part, at least, our guide, I invite attention to the fact that for thousands of years silver occupied an honored station side by side with gold, and the two constituted the basic or primary money of the world.

It is true that gold found but little circulation in the Orient; nevertheless, it had its relation as money to silver and commodities, or, putting it in another way, commodities and silver had their relation to gold. In the Occident silver and gold marched side by side discharging the important functions of primary money; they constituted a broad base upon which their currencies and credits rested.

When gold and silver were plentiful commodity prices responded and reached satisfactory levels. Commodity prices, it was discovered, were determined by the quantity and character of the circulating medium among the people. The purchasing power of the people was greater with a satisfactory monetary system, and gold and silver furnished that system for thousands of years.

Even with the growth of banks of issue, and the development of modern banking, no reason was found for dispensing with either gold or silver as primary money; indeed, with the

growth of population and the increase in trade and commerce, the need for both metals for monetary purposes became more urgent. It is true, as the Senator from Washington has stated, gold has become a "fetish", and for a number of decades efforts have been made to envelop it with a sacredness wholly unjustifiable, and at the same time to lead the people to disparage silver and to degrade it to the level of an unimportant commodity.

There are some who have forgotten that a number of years ago, when the gold mines of California and Australia were pouring their treasures into the channels of trade and commerce, a number of European nations demonetized gold and made silver the sole monetary standard of value. Gold was not sacred then because it was regarded as plentiful and therefore cheap. Believing, as many did, that silver was the scarcer of the two metals and its production would be relatively less than the production of gold, they were willing to make silver the sole standard of value and to remove gold from the category of primary money.

History demonstrates that the demonetization of silver was not demanded by the people, but by a limited number of creditors and those who desired to control the economic, industrial, and, indeed, the political life of the people. It was believed that a scarcity of primary money would increase its value in relation to commodities and human labor, and would inure to the advantage of the creditor class. Dear money, it was believed, would cheapen labor and reduce the price of commodities.

Undoubtedly the bondholders of Great Britain and some of the large industrialists inaugurated the movement in 1816 which led Great Britain to demonetize silver and make gold the sole standard of value. Other nations, however, declined to follow the course of Great Britain until 1871. During that period, as during preceding centuries, gold and silver circulated side by side discharging the functions of primary money.

Germany, when she obtained a billion dollars in gold from France by way of indemnity following the Franco-Prussian War, demonetized silver, and later France and the other members of the Latin Union followed her evil example.

From the foundation of our Government until 1873 silver had been recognized as a part of our monetary system; indeed, silver, in the first monetary measure enacted in Washington's administration, was given a place side by side with gold, and the unit of value was fixed in the act. The silver dollar, with a prescribed number of grains of silver, constituted such unit. In 1873 the American people were satisfied with bimetallism. They did not ask for silver's demonetization, and when they discovered that surreptitiously a law had been passed which removed silver from its high station there was great resentment throughout the country.

I submit that the demonetization of silver has had most serious and deadly effects in the industrial and economic life of the people of the world. It has been a contributing factor to falling prices and to the world-wide depression. With the destruction of silver, the demand for gold increased, and its scarcity augmented its value and correspondingly depressed the prices of human labor and of all commodities. It was obvious that the destruction of a part of the metallic base of the monetary structure of the world would weaken the structure and result in most serious consequences. Economists admit that as the population increases and as trade and commerce expand, the need for primary money is increased. The production of gold is wholly inadequate to meet this increase in trade and commerce and in population.

The Orient has suffered because of the debasement of silver, but her suffering had led to industrial activity which injures occidental nations. With cheap silver there has been a remarkable increase in industrial development in China and Japan, a development which is a menace to the industrial system of this and other countries.

It is high time that silver be restored to its proper place. I believe the time is propitious for the remonetization of silver—for an international agreement under the terms of which the mints of all countries will be opened to the free coinage of silver at a fixed ratio with reference to gold. An

international conference will soon meet in London. The silver question will be one of the vital and important questions there to be considered and dealt with.

The President of the United States is exhibiting great interest in this conference, and I cannot help but believe that the conference will agree upon a plan that will give to silver a high position in the monetary systems of the world.

Mr. President, with reference to the amendment under consideration, permit me to say that I hope that we will not have a monetary system which discriminates between the various forms of currency coined or emitted by the Government or its agencies. All the moneys of the United States should circulate freely and at par, and should be lawful money of the United States receivable in payment of all debts, public and private. This is a desideratum greatly to be desired. All money issued by the Government should be lawful money and should be legal tender for the payment of all debts, public and private. With that view I am in accord.

I would look, however, with apprehension upon any measure adopted at this time, which might lead to the conclusion that obligations payable in gold might be discharged by currencies or moneys other than gold. The situation of the country is such that measures should be avoided that would create uncertainty or fear among the people as to the validity of contracts. While it is true that technically our Government is not on the gold standard, nevertheless there are billions of obligations payable in gold at its present weight and fineness.

In my opinion it would be unfortunate if Congress should enact legislation that might be regarded as interfering with the obligations of these outstanding contracts. I am afraid that the amendment of the Senator from Washington, if adopted, may be misconstrued and lead to fears and misgivings as to its meaning or implications. Some may construe it to be ex post facto in its operations, or, at any rate, to cast doubts upon the right of holders of bonds and obligations payable in gold to have the benefit of their contracts.

Congress was convened in extraordinary session because of the serious condition of the country. This is an extraordinary session to meet extraordinary and exigent conditions. We are not legislating, or at least should not in this tense atmosphere, as if the country were in a normal condition. The measure which is before us is an emergency measure. It deals or is supposed to deal with temporary conditions, not conditions of a permanent and enduring character which would call for permanent legislation. Measures which may be justified in war, or when the country is in danger economically or otherwise, may not be warranted when the country is at peace and when no extraordinary or dangerous conditions exist.

The economic condition with which the country is now confronted may justify heroic, drastic, and most extraordinary measures—measures which could not be defended and would not be suggested in normal times. I suggest that we should not take advantage of this economic depression and the emergency which exists to project legislation designed to be permanent, and particularly if it deals with fundamental questions and calls for substantive law.

The amendment under consideration might well be offered under other conditions, and at other times, but with the people in a condition of bewilderment, and many business men frightened, and oppressed by a spirit of uncertainty and doubt with respect to the character and significance of the proposed legislation now in process of enactment, it seems to me that we ought not to propose measures that will add further to the fears and possibly increase the distress throughout the country.

The people want reassuring measures, not those that will be disconcerting and which will be susceptible of misconception and misinterpretation. As stated we are legislating for an emergency situation and should keep that before us in dealing with the measure brought to us for consideration. The amendment offered projects itself into the future and effects contracts to be made in the future. It changes existing law and alters the form of contracts which, under

the present law, could be made but which under the proposed amendment would not be effective.

While I believe, as I have stated, that silver should be restored to its proper primary place in our monetary system, and that both gold and silver should be money of ultimate redemption receivable in payment for all debts, public and private, nevertheless I appreciate the fact that there are many who do not accept my views; they propose a course of action, and approach the objective in a manner not as expeditiously as I desire or that many of the sincere friends of a proper monetary system could wish. Many will believe that this is not the appropriate time and place for legislation such as that suggested by the Senator, though they may favor it and would enthusiastically support it except for the extraordinary situation in which we find ourselves.

Mr. DILL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Washington?

Mr. KING. I yield.

Mr. DILL. The fact of the matter is that the bill now contains a provision for the decrease of the gold content of the dollar. Does not the Senator think that this amendment would counteract the effects of all the talk about the terrible results of decreasing the gold content of the dollar?

Mr. KING. I am not able to accept the Senator's view. In the first place, I do not think the President will exercise the power provided in the measure before us and devalue gold. I may add in passing that I hope the authority so proposed to be given to the President may not be exercised by him. I fear that the suggestion of the exercise of such power may have a disturbing effect in our industrial and business life. It may create uncertainty as to existing contracts and as to future contracts. It may be regarded by some as creating such an uncertain situation as to interfere with contracts to be executed in the future. Business at the present time is at a low ebb, confidence is not so strong as it should be, and anything that will arouse suspicions or undermine confidence in our monetary system will constitute obstacles to a resumption of business and production so essential to business revival and to overcoming the deplorable condition of unemployment. Measures which carefully examined may be unobjectionable in ordinary times may prove objectionable in a situation such as that in which we find ourselves today. When the people are in a condition of depression or where the psychological conditions militate against peace and a proper spirit of equanimity, proposed legislation should be given most careful attention.

As I have indicated, I fear that the talk of devaluing the gold dollar may have disturbing effects; there will probably be unfounded propaganda and unwarranted and erroneous statements made, as to the purposes of the President, or the consequences which will result if the measure before us becomes law. Some people will forget that the President of the United States only desires the welfare of his country and that he is as much concerned, and, indeed, because of the responsibilities resting upon him, more concerned in restoring peace and prosperity and lifting this country out of the depression, than any other person can be. He is profoundly concerned in relieving the country from the plight in which he found it and in restoring confidence, reviving business, promoting industry, alleviating the tragic conditions of the people, and bringing happiness and prosperity again to the people of the United States. Moreover, he is interested in those measures which will promote international goodwill and world-wide cooperation in the interest of peace.

Mr. DILL and Mr. LEWIS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom?

Mr. KING. I yield first to the Senator from Washington.

Mr. DILL. I want to call the Senator's attention to the fact that this is one of the provisions that is not within the discretion of the President; this is one part of the bill where Congress specifically lays down a requirement which is not within the President's discretion.

Mr. KING. I agree with the Senator that his amendment does not allow discretion to the President; it is a proposal to incorporate into emergency legislation a general provision designed to be lasting and enduring and to modify our fiscal or monetary system. Some might look with great favor upon the amendment if it was of a temporary or emergency character and placed in the same category as the mordant or slumbering power granted to the President to be exercised by him when he finds certain facts and conditions to exist. In other words, the fact that the proposed amendment calls for permanent legislation affecting our fiscal or financial system, which is still in the making, will be regarded by some as objectionable.

If silver shall be restored to its proper monetary status, and if gold shall be, or shall not be devaluated, but we shall be brought to ordinary and normal conditions, and shall agree upon financial or fiscal or monetary legislation designed not for temporary purposes but for the future, then the proposal of the Senator might, with propriety, be adopted. Indeed, if I understand it correctly, I should favor it. That is to say, I should favor a monetary system in which the circulating medium of our country—our moneys, our currencies, our specie—should have proper relation one to the other, and that under such relation all should be, in the language of the Senator's amendment, "lawful money of the United States, and be legal tender in payment of all debts, public and private." But, as I have indicated, we are dealing not with certainties but with uncertainties—with temporary and extraordinary conditions, and not with a situation where normal and regular and ordinary conditions prevail.

I might add that if we were enacting permanent legislation and revising and remodeling our monetary laws, the language implied in the Senator's amendment might require some modification. I can conceive of contracts for the purchase of gold for industrial purposes, or contracts for the payment of gold, which it would be most immoral not to enforce, even though currencies, silver and gold, were compounded into one mass, so to speak, and each treated as the equivalent of the other in payment of all debts, public and private. However, as I have indicated, meritorious as the general principle embodied in the amendment may be, it is my opinion that it is not a propitious moment to enact into law the provisions of the amendment in question.

Mr. LEWIS. Mr. President, I wish to take the floor in my own behalf. I rise to offer remarks upon a question which has already been before the Senate; and, of course, the fact that any subject is for any length of time debated before the Senate clearly indicates that it has been discussed with wisdom and directed with statesmanship.

Mr. President, I want to address myself to that clause in the pending bill to which the able Senator from Utah [Mr. KING] has just alluded, and to which the Senator from Virginia [Mr. GLASS], one of the most highly respected men who honors this body by his capacities, has made allusion in most eloquent and forensic terms. I regret that such a pall and atmosphere of gloom should have surrounded the subject, as if it were completely new as a subject; and, being initiated for the first time in government, it carried threats of results that foreboded danger to Nation and disaster to national credit.

Mr. President, I listened to the eminent Senator from Pennsylvania [Mr. REED], whose absence I note with regret and whose presence I will welcome with pleasure if he finds it agreeable to return to his seat. He, too, portrayed to this body what a calamity would follow this assumed unprecedented act of allowing the President of the United States the privilege of ascertaining when a certain quality or quantity of money was to be decreased in value and permitting, as of authority, the Chief Executive to take action to fix that change in value.

Mr. President, for the moment it is well to ask ourselves what is this particular provision under discussion and accusation. It provides that, in the event the case arising where the President of the United States will find a justification for the exercise of a discretion and make declaration as to

the value of the content of the gold dollar, such a declaration may be made by him to meet the conditions justifying his act. It must be assumed, able Senators, that there was some assumption in the minds of those who prepared this measure of a condition existing or to arise, if not now, then hereafter, involving a danger so great as to authorize and justify the President's action as one of defense.

If it be true that we are trusting this officer on the ground that the people have imposed upon him the responsibility as well as the credit and trust, it must be likewise assumed that he is the manner of man who will not violate the trust and will only exercise the power under emergencies which will justify its exercise.

Mr. President, that being true, under what circumstances has such power in the history of our past been exercised? The eminent Senator from Virginia [Mr. GLASS], than whom there is no greater authority upon questions of banking and currency, in his splendid oration, tendering his own reasons for not agreeing to grant this privilege to the President, used the very fateful language that he regarded this proposed act as little less than "immoral", meaning immoral from a statesmanlike point of view, as in its conduct and operation it was so unprecedented as to lack the virtue of having legislative precedent or constitutional authority.

Mr. President, early in our history a situation arose in our Government which was similar to our present status. The question then was one of money then existing in the form of gold coin of other nations which had been adopted in this land as the money of the United States, and whether the status of American money should be any longer allowed. The question was whether the Spanish-milled dollar, which we found it agreeable to adopt as expressive money of the United States, should be in form and nature the sole money of the United States. Then arose the next question, Was it a good policy to give to the President of the United States the right by his decree to say when this form and value of money should not obtain in the United States, and when contracts calling for such money as United States money should end? It was demanded that whenever the emergency arose that justified his action Congress should give him the power to order the act and to exercise the authority. The eminent Senator from Virginia can take great pride in recalling that it was a distinguished officer of the Government from his renowned State who had much to do with this matter. I call attention to the item. I quote the history and read.

On February 9, 1793, the conditions of the Government existing at a time calling for a change or declaration as to finances and money, particularly as to the coin of the land, Congress passed an act to authorize and declare the date when all foreign gold coins and silver coin except the Spanish milled dollar should cease to operate as legal tender in the United States.

In this law there was a provision giving to the President of the United States the power to say when that money should not be legal tender or when contracts that seemed to embrace it and describe it should not be treated any longer as legal to the full extent of legal contracts. That power was reposed in an executive officer. This act of the Congress of the United States was of the date of February 17, 1793. It was subsequently carried into effect by a President who was from Massachusetts, scholarly, learned, and often quoted as a great authority on constitutional government when it was being founded, shaped, and directed. John Adams declared in 1797 that Congress should enact further legislation in carrying out this provision. It will be kept in mind, sir, that this law provided that the President should be authorized to declare as void and not any longer acceptable either under contract or for barter certain gold coin or silver coin of foreign mintage which was then regarded as legal tender, but which was under Executive order to be thereafter declared no longer legal tender. This decree to come forth when the President of the United States should so adjudge.

It must be assumed that there were emergencies in Government which impressed upon the minds of the eminent statesmen of that day that there was necessity for such action, or that such necessity would arise, the shadows of

which they saw in the dark and murky hours in which they lived. So the Congress granted this privilege and authority to such purpose.

I ask the able Senators who do me the compliment to hear me, Where is there any difference between the very act wherein the President of the present day is authorized, if future events shall justify him, to exercise his discretion and the authority which was granted President Washington as of date of 1793 and followed later by President John Adams by action in 1797?

Mr. GLASS. Mr. President, will the Senator permit me to interrupt him?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Virginia?

Mr. LEWIS. I gladly yield to the Senator from Virginia.

Mr. GLASS. There is a vast deal of difference.

Mr. LEWIS. I should like to have the Senator from Virginia give me his views, for I greatly respect them.

Mr. GLASS. My view is that the earlier act did not involve repudiation by the Government of the United States of its own obligations denominated in the bond.

Mr. LEWIS. I do not know what the able Senator means by "repudiation of obligations", but I must tell the able Senator, or refresh his mind as to that which probably he omits, that we were then under obligation for money borrowed from France, in which there was the specific obligation to pay in the very form of coinage which the particular measure under the act of these two distinguished Presidents to whom I refer prescribed. If that was not repudiation, it at least created an innovation and change to such an extent as would have the actual effect in those times as contemplated under the present law. To call it "repudiation" would, of course, touch the Government with political immorality, which the necessities justified in the judgment of the people of the country. This it was that caused them to vest in their President the power to execute it. The question, then, of the abrogation of a contract or violating one ceases to be considered if the preservation of your land, your country, and its honor rises superior to the mere private demand of some person, in the language of the famous Shylock, for the mere "execution of his bond."

Therefore, I say to the Senator from Virginia the two cases are exactly parallel, except that in the one the able Senator feels it would be equivalent to the violation of an obligation, being the contract of the United States, and in the other case the privilege was permitted the Government for the protection against what then was some danger that must have been imminent. Must we not assume that the present President of the United States will not attempt to use this privilege granted him under the law if there shall not arise a justification for it similar to that in the case of the act which I bring to the attention of the Senate and particularly to the attention of the eminent Senator from Virginia?

Mr. GLASS. I may remind the Senator that not even the bond of Shylock was repudiated. The court ordered him to take his pound of flesh, but the bond did not guarantee him a drop of blood and therefore it was not repudiated.

Mr. LEWIS. I remind the Senator that in this particular instance, if the Senate shall conclude that there is an obligation to take blood on the part of those who hold our bonds and who have in the past been taking blood and draining the Nation until it is dry, lost in bankruptcy, darkened in dishonor, its homes crowded with disaster, they will not enjoy its blood because the American public are decreeing the authority to the President of the United States to act as Portia, and he shall rescue the country as that Portia did rescue her victim.

Mr. GLASS. It may be said that the purpose of the Government of the United States is to appeal to those very persons whom the Senator so berates to take more of its bonds.

Mr. LEWIS. I answer the able Senator from Virginia to say that he now embarks upon that which should interest us all; and that is, What will we conceive to be the reason

for this privilege being vested in the President of the United States? It is because they do relate to a foreign country who it may be said at some time or another may find the bonds of our country so appealing as to quickly invest in them. But I take it upon myself to bring to the thought of the Senator from Virginia and of other Senators about me what is in my mind.

The PRESIDING OFFICER. The time of the Senator from Illinois on the amendment has expired.

Mr. LEWIS. I take my remaining time upon the bill.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 15 minutes on the bill.

Mr. LEWIS. I appreciate the courtesy of the Chair and of the Senate.

Those named foreign countries have changed their standard of finance. That they have done it in the past indicates their privilege to do it in the future. They have of our obligations many. Suppose on tomorrow, in changing their finance in relation to the debt they owe us, that this act shall put them in the position by the stress of the change of their finance that they pay us only one third, if even that, by virtue of the new revaluation of their finance. Shall not something be left in the hands of the President of the United States or in our Government by which it can retaliate to prevent the wrong and the injury to us, and have at least some privilege within himself to take the same course if we are wronged in the manner I have described on the part of a foreign government? Shall we have none who shall carry the sword in the scabbard?

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Pennsylvania?

Mr. LEWIS. I yield gladly.

Mr. REED. Is not the Senator forgetting that the foreign obligations to our Government which we classify as war debts are every one of them payable in gold money of the standard of value at the time the debt settlements were made?

Mr. LEWIS. It would be equally true if we were to declare war or war were declared on us. The fact that the provisions were made for payment in gold would not prevent us from defending ourselves by not paying the gold to be used against us in an attack upon us. If those countries should adopt the plan and deliberately assail us by their form of change of their finance that robbed us the full equality of our contract, our privilege to do the same as to them is a right of self-defense.

Mr. REED. The Senator did not understand me. The promise of France, for example, is to pay her debt to us in American dollars in gold of the same standard of weight and fineness as existed when she made the debt settlement. If we are going to violate our own contracts and repudiate our own gold obligations, obviously we are giving her the same privilege. The action of the Senate yesterday may have the effect of surrendering to Europe half of the war debts that she owes to us.

Mr. LEWIS. In the first place, I beg to correct my eminent friend, able as he is and equipped with knowledge as we all concede. There is no obligation of this Government to any other Government that records the words "Grains of gold of so much fineness." He has in his mind the contract born of the Pacific Coast States which grew gold upon their hills, but in the bonds to which the Senator refers the word is "gold" merely.

Mr. REED. I am talking about the debts due to this country by France and Great Britain and our other allies. Their bonds contain the words "payable in American gold dollars of the present standard of value".

Mr. LEWIS. I had alluded to that, perhaps, in the absence of the distinguished Senator from Pennsylvania, which I very much regret. I called attention specifically, in view of this qualification, that now should they, by their forms of finance and new finance legislation, take from us the privilege that we should enjoy the bonds in full value prescribed, shall it be said that we shall not have a similar privilege in the hands of our officer to retaliate against such

a wrong? It is for that reason that the legislation to which I have called attention at the time of George Washington and John Adams was enacted by our country, the copy of which is literally before the distinguished Senator and which he was inclined to regard as entirely unprecedented in its presentation to this body.

Mr. GLASS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Virginia?

Mr. LEWIS. I am glad to yield.

Mr. GLASS. Why confine the argument to the extremely limited indebtedness or holdings of foreign countries of our securities? What has the Senator to say of the repudiation of the \$21,000,000,000 owing to Americans who denied themselves and suffered in order to buy the bonds of the Government of the United States when we were confronted with the peril of war?

Mr. LEWIS. If this country of ours reaches the point where her dangers are so great and the destruction threatened so imminent as to practically threaten the value of all of her securities and her standing that the President has to resort to a measure for the defense of the United States, the promise of payment in gold amounts to nothing, for it would then be valueless, and unless there be power in the hands of someone to avoid the peril to the worth and value, the worth would be utterly valueless. Therefore it is not repudiation, as my friend would call it. It is an emergency to meet and avoid others repudiating us or to escape dangers which destroy the property of our Nation and our honor.

Mr. GLASS. Nobody ever repudiated a debt that did not claim the necessity of it in an emergency.

Mr. LEWIS. True, the large institutions which have been robbing this country under the name of banking, for whom my eminent friend cried out in splendid tones of indignation that this act would destroy the whole "bond market"—have not those bond masters under cry of necessity or privilege destroyed enough in this Government by which it shall be asked again that they be given control of this Nation that they may take the last remnant and vestige of power within the Republic?

I answer by saying it would be repudiation if we presumed merely to take the contract from mere cupidity and mere gain of finance, but where the conditions were such that the President for the preservation of all were compelled to take advantage of the act, that act shall be justified in self-defense and statesmanship. It is in an emergency we deal, which would never be exerted unless there were justification. If that could be vested in both George Washington and John Adams before they were tried, surely we may say to the country in this time that we can vest like confidence again in another who, let us believe, will prove of the intelligence of an Adams and the patriotism of Washington.

Mr. President, because of these precedents and the faith that we have in American character, I venture now to say that we are turning to the salvation of America that she may not again be submitted to the destruction of her honor and disgrace before the world which she has been compelled to endure at the hands of these masters who claim their privilege now to undo our Treasury to the last grain of its gold while they rob their country of its fulness of honor.

Mr. President, I conclude. I appreciate the courtesy extended to me by the Presiding Officer and by the Senate. I remind the eminent Senator from Virginia that there will be those who will charge us with repudiation and will give it that name and will tinge with dishonor the undertaking, but I repeat what the great statesman, Robert Peel, said in his debate in the era of Cobden and Disraeli in the fight for free bread and cheap homes. He concluded:

I know I will be execrated by every monopolist in the land; but if we give to the poor cheap bread and shelter to the homeless and give security to our nation, even if we inherit the curses of the mean we will rejoice in the blessings that flow to the needy and give relief to all our countrymen in the real.

Here I proclaim this United States is for her people; her people support their President and confide in his leadership.

Mr. President, I thank the Senate.

Mr. GLASS. Mr. President, if I may add a word, I am sure the distinguished Senator from Illinois will be greatly distressed to learn that the Bureau of Engraving and Printing of this Government is now printing similar promises to be offered to those masters of the people.

Mr. LEWIS. Upon the theory that they will hereafter conduct themselves in different manner than in the past.

Mr. NORRIS. Mr. President, I observe that the Senator from Washington [Mr. DILL] is not in the Chamber at the moment. It had been my intention to take the floor and discuss his amendment, but I shall not do so at the present time.

Mr. THOMAS of Oklahoma. Mr. President, may I say that an amendment will be offered by the Senator from Arizona [Mr. HAYDEN] which will embody the same thought that was proposed to be carried by the amendment to be suggested by the Senator from Washington?

Mr. NORRIS. I should like to say to the Senator from Oklahoma that I am thinking of a different modification than he is. I realize that an amendment at this time would not be in order, because it would be in the third degree, and I merely wanted to suggest it to the Senator from Washington. I think it is a different proposition.

Mr. BULKLEY. Mr. President, the provision of the Thomas amendment with respect to legal tender leaves in doubt an important question which I think we have no right to leave in doubt. That provision is so short that it will take but a moment to read it. It reads as follows:

Such notes and all other coins and currency heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts, public and private.

Does that language make these coins and currencies legal tender in satisfaction of an obligation heretofore incurred payable specifically in gold of a stated weight and fineness? It has been generally contended that it does. Senators have gone so far as to contend that this power even involves a possibility of a reduction of the weight and fineness of the coin in which the obligations of the United States itself are to be paid. I do not think that the language I have read is capable of such construction, because the Supreme Court has already ruled in a similar case that similar language did not apply in the manner suggested. The language "legal tender for all debts, public and private", is the identical language that was carried in the Legal Tender Act of 1862. The Supreme Court later had before it the case of *Bronson v. Rodes*, reported in 7 Wallace, at page 229. That involved a contract payable in coin. The court found that there were two kinds of currency in circulation in the United States at that time—namely, coins and paper currency. From the opinion I read a single sentence, which states the reason for the decision:

If, then, no express provision to the contrary be found in the acts of Congress, it is a just if not a necessary inference, from the fact that both descriptions of money were issued by the same government, that contracts to pay in either were equally sanctioned by law.

Finding that the contracts to pay in either kind of money were equally sanctioned by law, the court proceeded to hold that the owner of an obligation payable specifically in gold and silver coin was entitled to a judgment in gold and silver coin, notwithstanding the provision of the Legal Tender Act making Treasury notes "legal tender for all debts, public and private."

Mr. President, I understand that there are provisions in the statute law of the United States today, on which I will not elaborate here, that are quite different from the provisions which existed at the time of that decision; and, therefore, it is not quite certain that the court would again hold in the same way that it held in the case of *Bronson* against *Rodes* if it were called upon to interpret the language of the bill that we now have before us. I do, however, call attention to the fact that the language itself in the pending amendment, providing that the currency and coin of the United States shall be "legal tender for all debts, public and private", is exactly the same as that used in the act of February 25, 1862, which was held not to apply to a contract specifically payable in coin.

Mr. GORE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. BULKLEY. I do.

Mr. GORE. I believe the Senator is a little inexact when he says the language is the same. There was an exception of duties, imposts, and interest on the public debt; and that point was emphasized in one of the California cases, *Sun Cheong-Kee* against The United States, the fact that the United States itself insisted upon collecting customs duties in coin.

Mr. BULKLEY. Of course the Senator is correct that there was that exception. But in the case I have cited that was material only to support the finding of the court that there were two kinds of money in circulation in the United States at the time.

The decision in *Bronson* against *Rodes* might be applicable today, but I do not insist that it is applicable beyond any doubt for the reason that at the time that decision was rendered there was no provision for the Government maintaining a parity between the different currencies that were in circulation, whereas today it is by statute the duty of the Secretary of the Treasury to maintain all forms of currency at a parity. That difference in the statute law might possibly justify a difference in the construction which the court would put upon this language.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Florida?

Mr. BULKLEY. I do.

Mr. FLETCHER. May I interrupt the Senator to say that that makes a great deal of difference. The act of 1900 would seem to me to cure all question that might be raised as to whether this issue would be lawful money and receivable for all debts, including taxes and other obligations.

Mr. BULKLEY. It would unquestionably be lawful money, but it would not unquestionably be legal tender in the case of a contract specifically payable in gold of a certain weight and fineness. The point is that everyone must be in doubt as to how it would be interpreted; and we should not leave language in the bill that is so doubtful as this language. We should make it certain whether we intend, in making these notes and coins legal tender, to make the legal-tender quality apply to contracts already in existence providing for payment in gold coin of a specified weight and fineness. If we do so intend, we should say so in plain language, and to the extent that we do not so intend we should make it clear that we do not intend it.

I have prepared an amendment to this end, declaring the intention to make the legal-tender quality of these currencies adequate to satisfy private contracts notwithstanding that they are payable in gold of a stated standard of weight and fineness, but that that shall not affect obligations due to or from the United States Government based on contracts in existence prior to the enactment of the present law.

Mr. President, if we do not make this legal-tender quality apply so that it may discharge private obligations, and obligations of States and municipalities heretofore contracted and payable in dollars of a fixed standard of weight and fineness, we shall put municipalities, school districts, railroads, and other obligors at an increased disadvantage in meeting their indebtedness. If the value of the dollar shall be decreased for all other purposes, and yet obligors under those gold contracts are obliged to continue to pay in dollars of the old standard of weight and fineness, the difficulty of meeting their obligations will be tremendously increased, whereas I have no doubt that it is the real purpose of the Congress to reduce those obligations in order to offset the great increase in purchasing power of the dollar, which has been so much noted.

Mr. GORE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. BULKLEY. I do.

Mr. GORE. I desire to ask the Senator from Ohio whether he thinks Congress can make these notes legal

tender in payment of taxes or in payment of the obligations due by a State.

Mr. BULKLEY. I think it can. I do not wish to imply that I consider the subject free from doubt; but that was held in one of the *Legal Tender* cases, as the Senator no doubt recalls.

Mr. GORE. What I had in mind, I will say to the Senator, was the *Lane County* case, in which it was held that the legal-tender notes were not legal tender in payment of taxes.

Mr. BULKLEY. I beg to suggest to the Senator that what was held in the *Lane County* case was that the Legal Tender Act did not apply. It was not held that it could not apply, and that is another point that I had intended to cover in the amendment which I am about to propose. "Debts, public and private," were held by that case not to include taxes imposed by a State authority. In the amendment which I am about to offer I am adding to the word "debts" the word "dues", so as to make it apply to debts or dues.

Mr. GORE. The Senator thinks, then, that in the *Lane County* case it was a question of intent, and not a question of power?

Mr. BULKLEY. That is my opinion. Similarly, in the case of *Bronson* against *Rodes*, to which I have just alluded, the decision was that the act was not intended to apply to the contract which was the basis of the action.

As to the question of whether or not Congress could, within the Constitution, make a legal-tender money which would have to be accepted in the discharge of those contracts, it seems to me that the Supreme Court, in the case of *Knox* against *Lee*, gave a very strong indication that the Congress has that power. I read from that case:

Every contract for the payment of money, simply, is necessarily subject to the constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties is, therefore, assumed with reference to that power. Nor is this singular. A covenant for quiet enjoyment is not broken, nor is its obligation impaired by the Government's taking the land granted in virtue of its right of eminent domain. The expectation of the covenantee may be disappointed. He may not enjoy all he anticipated, but the grant was made and the covenant undertaken in subordination to the paramount right of the Government.

I skip some at that point and go on:

Nor can it be truly asserted—

The PRESIDING OFFICER. The time of the Senator from Ohio on the amendment has expired.

Mr. BULKLEY. I will speak again on my own amendment.

Mr. WALCOTT obtained the floor.

Mr. NORRIS. Mr. President, will the Senator yield to me for a moment?

Mr. WALCOTT. I yield.

Mr. NORRIS. I undertook to do what I am about to do now when the Senator from Washington [Mr. DILL] was not in the Chamber.

Let me say again that I am in entire sympathy with the Senator's amendment. His amendment, however, applies only to gold. I do not see why it would not be better to have the amendment in general terms so that it could apply to anything—gold, or silver, or anything that may arise in the future.

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Nebraska? The Chair has recognized the Senator from Connecticut.

Mr. WALCOTT. I prefer not to yield further, if the Senator does not mind. I shall take only a few moments.

Mr. NORRIS. Will the Senator then, while the Senator from Washington is here, let me have the floor so that I can make this suggestion now?

Mr. WALCOTT. I prefer to proceed at this time.

Mr. NORRIS. All right; go ahead. I tried to keep the floor once, but lost it.

Mr. WALCOTT. Mr. President, I was present yesterday afternoon, as nearly all of us were, to listen to a speech which was the outstanding event in this country, I think—a speech which, in my opinion, will go down in history as one of the great historic speeches emanating from this body,

around which men can rally who believe in sound money and sound principles and who admire the exhibition of great courage at a critical time, and from which they can quote. Obviously, I refer to the wonderful exposition by the senior Senator from Virginia [Mr. GLASS], whom I compliment myself by calling my friend.

If what he predicts comes true, if the President avails himself of the extraordinary powers that we are granting him from day to day, and proposing to grant him in this bill, if it passes—and I am quite sure it is going to pass—I hesitate to talk about what I believe will be the consequences; but I want to illustrate what I think may happen by giving the Senate a very brief story that I got from an eminent German economist 2 or 3 days ago. It is as follows, and he tells me that this is a true story:

A German hairdresser who went through the inflation period in Germany came to this country, dead-broke, 3 or 4 year ago. She now has a little United States money. This is what she is going to do with it if we go on with the inflation program of which we are talking:

Buy all the good farm lands she can, not far from some city, to insure a market; mortgage the land as heavily as possible at the bank; spend the money received on the mortgage to buy upon the installment plan everything needed in the way of equipment—a portable house, if necessary, farming implements, a tractor, an automobile, and everything essential for the farm as far as the money will go, making only the first payment on each item; then sit tight until inflation destroys the value of our money, as it did in Germany, and all debts are virtually canceled. She will have her farm fully equipped and in working order and a comfortable place in which to live; she can raise her own food from the ground and live happily ever afterward without regard for the rest of the world or thought for the morrow, and it will have cost her but a few dollars.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. NORRIS. Does the Senator remember what the Senator from Virginia said the other day; and if he does, does it not knock his illustration into a cocked hat? He said on the floor of the Senate that nobody outside of the insane asylum would lend any money on land. So, to start with, this woman could not get her money, and she could not carry out that kind of a scheme.

Mr. WALCOTT. If we cannot borrow any money on land, then we are at the bottom of the ladder, we have gone through the abyss.

Mr. NORRIS. Mr. President, I will try again to suggest what I tried to suggest to the Senator from Washington in order to make his amendment, which is the pending question now, general, instead of having it apply specifically to gold. To do that, as I look at it, all he would have to do would be to strike out, in line 2 of the amendment, after the word "of", the balance of the line, the words "the same in gold", and to insert in lieu thereof the words "any specific kind of money", so that it would read:

All contracts, bonds, notes, or other forms of agreement hereafter made for the payment of any specific kind of money shall be payable in lawful money.

And so forth.

Mr. DILL. In other words, the Senator wants to include silver, as well as gold?

Mr. NORRIS. Yes.

Mr. DILL. I see no objection to that. I am perfectly willing to accept that modification, if the Senator desires to offer it. I will modify my amendment to conform to the suggestion of the Senator.

The PRESIDING OFFICER. Without objection, the Senator modifies his amendment.

The question now is on the amendment offered by the Senator from Washington [Mr. DILL], as modified, to the amendment of the Senator from Oklahoma.

Mr. DILL. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

Mr. BULKLEY. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 4, line 24, the Senator from Ohio moves to strike out the words "public and private", and to insert in lieu thereof the following:

and dues, public and private, and, notwithstanding any express provision or stipulation with respect to payment in money or coin of a specified standard of weight or fineness contained in any law or in any contract heretofore or hereafter entered into, shall be accepted at their nominal value in payment of such debts and dues, except that nothing herein contained shall affect any payments due to or from the United States under any contract entered into prior to the date of enactment of this act.

Mr. BULKLEY obtained the floor.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. BULKLEY. I yield.

Mr. CONNALLY. Should not the Senator's amendment also contain a provision relating to any contract of the United States, or any provision of law? There are dues to the Government under statutes, rather than under contracts.

Mr. BULKLEY. I had not intended to make the exception of private dues under statute, because it seemed to me that if the dollar is to be devaluated, people ought to be able to pay their taxes in the devaluated dollar.

Mr. DILL. Mr. President, I want to know why the Senator differentiates between private contracts and Government bonds.

Mr. BULKLEY. I think there is a very sound reason for that. The reason private contracts should be subject to any new law we may here enact I stated a few moments ago. Those who are obligated under those contracts are the very ones who need most the relief from the devaluation of the dollar. Those who borrowed money when the dollar was worth less than it is now and entered into these long-time obligations containing the gold clause, are the very ones who rightly should benefit by the inflation now proposed.

Now as to the distinction between private contracts and Government bonds, there may be an element of doubt as to the constitutionality of it, but I had just started to tell my reason for believing it is constitutional for us to make those private contracts payable in lawful money, even though the contracts themselves stipulate they shall be paid in gold of a specified weight and fineness.

Mr. DILL. The Senator's amendment does not do that.

Mr. BULKLEY. Yes; it does that.

Mr. DILL. I do not so read it.

Mr. BULKLEY. The exception is as to Government bonds only. It makes all private obligations payable in the legal-tender money, but the obligation of the Government itself stands on a different basis from any private obligation. The private obligations were entered into subject to the right of the Government to regulate the value of money, but where the Government itself is the debtor, where the Government itself is a party to the contract, and has put in a clause making the obligation payable in gold of a fixed standard of weight and fineness, that ought not to be subject to revision by the action of the Government itself.

Mr. DILL. In other words, the Senator wants the law to provide that private promises to pay in gold shall not be enforceable.

Mr. BULKLEY. Oh, no; they are enforceable, but they may be discharged by payment of money of the kind specified.

Mr. DILL. That the contracts shall not be enforceable by payment in gold.

Mr. BULKLEY. That is exactly what I propose. However, contracts to pay money to the United States Government, those contracts of foreign governments to which the Senator from Pennsylvania has just alluded, will not, under my amendment, be payable in dollars of a reduced value.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. LONG. The Senator is proposing to set up, then, one standard for contracts with the Government and another for contracts between the people themselves. We would have to run a double standard then.

Mr. BULKLEY. There are not so many contracts of the Government to which this would be applicable. There are only the foreign debts and the Government bonds.

Mr. LONG. There are more contracts than that; but let us say that is all. A man would have to keep two yardsticks. One would be the dollar, and if I am dealing with my neighbor the dollar is worth 61 cents. If it is the Government, I am saying it is something else.

Mr. BULKLEY. Mr. President, if the different forms of currency go to different values, there will be two yardsticks in general use anyway. If they do not go to different values, this amendment would not make them so.

Mr. DILL. Mr. President, the Senator's amendment, however, would make it possible for the bondholders to become a highly preferred set of citizens in case the dollar were devaluated.

Mr. BULKLEY. Only as to bonds of the Government of the United States. They would gain some advantage in price, but would get only the same amount of gold that they are entitled to if we do not devalue the dollar.

Mr. BLACK. Mr. President, what is the total indebtedness this would place on the excepted class?

Mr. BULKLEY. As I understand it, it is something over \$20,000,000,000; but the amount is not material—the principle is what is involved.

Mr. BLACK. I understand it is the principle. May I ask this?—Suppose the gold dollar should be reduced 50 percent in its content, would not that make those bonds worth \$40,000,000,000?

Mr. BULKLEY. Forty billion dollars, measured in the new dollars, if the spread should be as wide as that; but, of course, that is because the new dollar would be brought down in value; the gold would not be brought up. The gold would remain the same, other things being equal, so that the obligation would be exactly the same in gold value.

Mr. President, I am anxious to explain the amendment.

Mr. GLASS. Mr. President, I desire to ask the Senator one question.

Mr. BULKLEY. I yield.

Mr. GLASS. The Constitution of the United States prohibits a State from enacting a law that would impair the obligation of a contract; is not that so?

Mr. BULKLEY. Unquestionably.

Mr. GLASS. This proposal is to impair the obligations of a State, is it not?

Mr. BULKLEY. If the Senator calls it impairment. There is a question whether that is fairly called impairment or not; and that is precisely what I was reading from the opinion of the court, in order to clear that point to the Senate.

A few moments ago I read an extract from the opinion of the Supreme Court of the United States in the case of Knox against Lee, in which it was pointed out that every contract is necessarily subject to the constitutional power of the Government over the currency, and so forth. The Court goes on to say:

Nor can it be truly asserted that Congress may not, by its action, indirectly impair the obligation of contracts, if by the expression be meant rendering contracts fruitless or partially fruitless. Directly it may, confessedly, by passing a bankrupt law, embracing past as well as future transactions. This is obliterating contracts entirely. So it may relieve parties from their apparent obligations indirectly in a multitude of ways. It may declare war, or, even in peace, pass nonintercourse acts, or direct an embargo. All such measures may and must operate seriously upon existing contracts, and may not merely hinder but relieve the parties to such contracts entirely from performance.

I pass over to some other matter on the next page:

As in a state of civil society property of a citizen or subject is ownership, subject to the lawful demands of the sovereign, so contracts must be understood as made in reference to the possible exercise of the rightful authority of the Government, and no obli-

gation of a contract can extend to the defeat of legitimate Government authority.

Again the Court said:

By the act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted, and about 6 percent was taken from the weight of each dollar. The effect of this was that all creditors were subjected to a corresponding loss. The debts then due became solvable with 6 percent less gold than was required to pay them before. The result was thus precisely what it is contended the Legal Tender Acts worked. But was it ever imagined this was taking private property without compensation or without due process of law? Was the idea ever advanced that the new regulation of gold coin was against the spirit of the fifth amendment? And has anyone in good faith avowed his belief that even a law debasing the current coin, by increasing the alloy, would be taking private property? It might be impolitic and unjust, but could its constitutionality be doubted? Other statutes have, from time to time, reduced the quantity of silver in silver coin without any question of their constitutionality. It is said, however, now that the act of 1834 only brought the legal value of gold coin more nearly into correspondence with its actual value in the market, or its relative value to silver.

But we do not perceive that this varies the case or diminishes its force as an illustration. The creditor who had a thousand dollars due him on the 31st day of July 1834 (the day before the act took effect), was entitled to a thousand dollars of coined gold of the weight and fineness of the then existing coinage. The day after, he was entitled only to a sum only 6 percent less in weight and in market value, or to a smaller number of silver dollars. Yet he would have been a bold man who had asserted that because of this the obligation of the contract was impaired, or that private property was taken without compensation or without due process of law. No such assertion, so far as we know, was ever made. Admit it was a hardship, but it is not every hardship that is unjust, much less that is unconstitutional; and certainly it would be an anomaly for us to hold an act of Congress invalid merely because we might think its provisions harsh and unjust.

And so, Mr. President, I believe that it is constitutional for us to provide that contracts, even those specifying payment in coin of a fixed weight and standard of fineness, may be paid in legal-tender money of such character as the Congress, in its discretion, and according to its own sense of justice, may authorize.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired on the amendment.

Mr. AUSTIN. Mr. President, I should like to ask the Senator from Ohio a question in my own time.

The PRESIDING OFFICER. The Senator from Vermont is recognized in his own time.

Mr. AUSTIN. In order to ascertain the meaning of the phrase in the suggested amendment which is found in lines 6 and 7, I should like to ask a question. The phrase is "at their nominal value." Assuming that in the settlement of a contract money is offered whose par has depreciated to a nominal value, does the Senator mean to have us understand that his amendment would permit the use of those notes at their nominal value in that sense of the word?

Mr. BULKLEY. I understand the word "nominal" to mean the value at which they are named—that is to say, a dollar bill is to be accepted at a dollar. Of course, there is another sense in which the word "nominal" might be used, which means of slight or trifling value. I do not conceive that that is the sense in which the word here would be construed.

Mr. AUSTIN. Does this exception mean that they shall be used at the par expressed on their face?

Mr. BULKLEY. Exactly. It means at their face value.

Mr. AUSTIN. If they be actually depreciated in value to only a percentage of their expressed value, they still must be accepted at their present par under this amendment, according to the terms of the promise?

Mr. BULKLEY. Of course, we are not recognizing the likelihood of their depreciating; yet that is exactly what it means, that they are to be accepted at their face value. If the Senator thinks the words "face value" would be any better, I shall be glad to modify the amendment to make it read "nominal or face value." I ask that the amendment be modified so as to read "nominal or face value."

The PRESIDING OFFICER. The Senator from Ohio modifies his amendment as indicated. The question now is on agreeing to the amendment as modified.

Mr. THOMAS of Oklahoma. Mr. President, this so-called "inflationary amendment" is under a title which reads as follows:

Part 6—Financing—and exercising power conferred by section 8 of article I of the Constitution: To coin money and to regulate the value thereof.

We are proposing under this amendment to regulate the value of the dollar; we are providing machinery to accomplish that end. If this amendment should be adopted, as I construe it, we would be regulating the value of the dollar as between private contractors; we would be regulating the value of bonds owed by cities, by private corporations, and even by States; but as to the dollars representing the outstanding bonds of the Federal Government, it would not be proposed to regulate their value. Mr. President, I do not believe that the Congress wants to go on record as making such a distinction between the holders of bonds.

Let me say to the Senate that this whole amendment is a new amendment. If it shall be adopted by the Senate, it then will be thrown into conference between the House and the Senate, and the entire amendment will be in the process of adjustment. The House of Representatives and the Senate, in conference, can agree upon this amendment as adopted by this body or they can change it in any way they see fit, so long as they adhere to the same subject matter.

I take it that when the conferees shall be appointed, if the amendment shall be adopted, they will get into communication with the Department of Justice, because it is the Attorney General who must construe the amendment; and if the amendment shall reach the courts in any of its phases, then it is he who will have to defend the amendment in the courts. I suggest that the better procedure would be to leave the text as it is, and when the amendment goes to conference, by calling in the attorneys of the Department of Justice, the conferees can clarify and make it express the intent by certain and exact language as the conferees may decide upon it.

It is difficult to legislate upon an amendment of this kind that is brought before us upon a few moments' notice, although it has been printed perhaps and has been upon our desks for a day or so. I suggest that the better procedure would be to permit the text to remain as it is, let it go to conference, and then in conference it can have the most careful consideration in connection with the department of the Government which is to construe it and enforce it. Therefore I think it best not to adopt the amendment.

Mr. REED obtained the floor.

Mr. WAGNER. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. THOMAS of Oklahoma. Yes.

Mr. REED. Mr. President, I think I have the floor, but I shall be glad to yield to the Senator from New York.

Mr. WAGNER. I wanted to ask the Senator from Oklahoma a question, but I will wait.

Mr. REED. Mr. President, probably the most voluble of the writers of the country in support of the policy of inflation has been Mr. Walter Lippmann, who writes for the New York Herald Tribune. He did me the honor yesterday to say, in effect, that my arguments against inflation were practically imbecilic. Perhaps they are; granting that Mr. Lippmann is entirely correct in the low opinion he entertains of me, I am sure no one can doubt the high opinion in which he holds himself. Therefore I think the Senate and the country might be interested to hear 2 or 3 brief extracts from articles written in January last by the same Mr. Walter Lippmann, who now thinks that the opponents of inflation are practically idiots or imbeciles.

On January 18, 1933, Mr. Lippmann had this to say:

For various reasons, largely personal and temperamental reasons, the situation is confused. There is an administration program which the Democrats will not accept; there is, as yet, no Roosevelt program which they can support. As a result there is silence, doubt, and uncertainty among the responsible leaders of the Democratic Party, and in the interval of waiting the Huey Longs and others are filling the air with their threats and promises. They are saying, in effect, that by one device or another they wish to inflate the currency, and in one spectacular stroke relieve

the burden of all debtors. In view of the fact that at the moment no one is speaking authoritatively for the Roosevelt administration, there are many persons who suppose that these inflationists, some of whom were ardent Roosevelt men, are revealing the true intentions of the administration.

Yet this belief is groundless—

Says Mr. Lippmann—

unless we are to assume that Mr. Roosevelt intends to break every promise he made during the campaign.

This is Mr. Roosevelt's ardent supporter who is speaking. He finishes the article with these significant words:

The inflationists propose to strike at the currency itself and at one stroke change the value of all debts and obligations. The inflationist method would propose to relieve not only the farmer who has a mortgage but the public-utility company which has bonds outstanding, to reduce the value not only of money owing on real-estate mortgages, but all money.

Mr. Roosevelt made it entirely clear that he proposed to deal with the debt problem by detailed adjustments. To suppose that he has secretly scrapped these pledges and is now following HUEY LONG is to believe that there is no honor left in our public life.

I am called an imbecile for saying just that sort of thing, while Mr. Lippmann has risen from imbecility in January to his present infallibility in April.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. REED. Gladly I yield.

Mr. CLARK. The Senator would not be in favor of requiring a gentleman who is under contract to write a column a day upon questions affecting the Government to be consistent, would he?

Mr. REED. Perhaps not.

Mr. DILL. Mr. President, the Senator would not expect everybody in the world to be so tied to a theory that he could not change his theory when conditions so changed that a different remedy was needed?

Mr. REED. Oh, no; I admire his versatility. These things which were profoundly dishonorable in January become commendable examples of high courage and virtue in April. It has been a great spring; all sorts of things have grown during the past 3 months; the "new deal" is getting newer and perhaps even rawer.

Then about a week later, showing that the transition had not begun to take place at that time, our oracle writes this in his article of January 26:

Any effort by a government to change the relation between debtor and creditor at one stroke is bound to produce profound injustice and incalculable confusion. Mr. WHEELER—

He refers to the Senator from Montana—

wishes to free the farm groaning under its mortgage debt. Does he, by the same stroke of the pen, wish to free the banker from his obligation to repay the depositor?

Does he wish to free the light and power companies of their bonded indebtedness, and to present the properties to the stockholders in fee simple? Does he wish to cut the salaries of teachers, the pensions of wounded veterans, and the incomes of old people who have retired to live on their savings? I am sure he does not. Yet this is the inevitable effect of any wholesale debasement of the currency.

I have three long columns all to the same effect, Mr. President. Mr. Lippmann had not seen the light as late as January 26, and this is April 28. I thank the Senate.

Mr. LONG. Mr. President, there is a little saying that we know, which I hope the Senator from Pennsylvania may take notice of with profit, as appears to have been the case with Mr. Lippmann, and that is,

And while the lamp holds out to burn,
The vilest sinner may return.

Mr. REED. Yes; but, Mr. President, does not the Senator think that the returned sinner might be a little less supercilious to those who are still sunk in sin? [Laughter.]

Mr. LONG. I think so; yes.

Mr. JOHNSON. Mr. President, I was not in the Chamber when the Senator was evidently making a humorous address and reading from distinguished journalists. From whom did he read?

Mr. REED. I read from that economist and authority on governmental matters, that profound philosopher who calls himself Mr. Walter Lippmann.

Mr. JOHNSON. The Senator was reading obviously with approval and endorsement?

Mr. REED. Yes, Mr. President; I fully endorse that conclusion, for example, where he said:

To suppose that he has secretly scrapped these pledges and is now following HUEY LONG is to believe that there is no honor left in our public life.

Yes, Mr. President; I endorse that! [Laughter.]

Mr. JOHNSON. Mr. President, I can enjoy, of course, even Mr. Walter Lippmann, and sometimes I can enjoy the Senator from Pennsylvania, but I am rather surprised that the Senator from Pennsylvania should engage in any animadversions upon his colleagues or any animadversions upon any authority such as Mr. Walter Lippmann. I cut out of the paper the other day a statement made by him about the beginning of this debate. I shall not read it, because I never refer to my colleagues in any but the most complimentary terms; but I commend to the Senator from Pennsylvania Mr. Lippmann's characterization of the Senator from Pennsylvania printed only 3 days ago at the beginning of the discussion upon this important measure.

Mr. REED. Mr. President, if the Senator will permit an interruption, I can tell him that I began my remarks by calling attention to it and saying in substance that Mr. Lippmann did me the honor of saying that my arguments were impotent.

Mr. JOHNSON. If Mr. Lippmann said what I would not for an instant indicate and never for a moment imply, that the remarks of the Senator from Pennsylvania were of the character that he suggests, I rather think that the Senator from Pennsylvania should not read the remarks of Mr. Walter Lippmann concerning anybody else. It might be more appropriate that silence were kept by him, perhaps by all of us—not by me, because I am so used to the remarks of journalists that it is a matter of no consequence—but I should think, under the circumstances, that the last person on earth who would be quoted against his fellows in this Chamber or against the President of the United States would be Mr. Lippmann. All we need do is to read his recent utterances and his recent publications. I shall not read them here, because I will not violate that course which I have followed during the period I have been in the Senate and indulge in any particular remarks concerning any particular colleague.

Mr. President, I want to say just one thing. I talk not upon the bill because I am anxious to do what little I can in this emergency. I have said nothing, so far as I am concerned, about a previous administration or about the present administration or about the attitude of either. But, sir, I am glad to pay my small tribute to the fine and gallant gentleman who sits in the White House today and who, with a courage that is inspiring and inspiring, sits there ready to do whatever lies in his power.

He has the adventure of youth and he has the wisdom of age. Some philosopher once said that youth has its adventure, age its memories. This man has not only the adventure of youth with a high courage that commends itself to every man upon this floor, to every man who counts himself a real American—has not only the high adventure of youth, but he has the extreme courage to go forward in an emergency and strive to do the thing that ought to be done for rescuing the people of the United States. My small tribute I pay him in that regard.

Disagree with him we will. Every man in this body with a head upon his shoulders that God put there for some other purpose than mere ornament, of course, will for himself determine the course he ought to pursue upon various matters of legislation. I quarrel with none, therefore, who present their views in this body either for or against any matter of legislation. I may be presenting views doubtless in the future wherein I will not agree with the gentleman in the White House. But presenting those views and differing with him as I may in the days to come, I will recognize that in this time of trial, in this time of crisis of the American Republic, we can thank God that there was a man in

the White House who had the guts to do and go forward and to strive and to try and to take the responsibility of striving and trying.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Ohio [Mr. BULKLEY] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. FESS. Mr. President, before we vote on the amendment, I want to ask the Senator from Oklahoma a question.

The PRESIDING OFFICER. The Senator from Oklahoma will give his attention.

Mr. FESS. The Senator mentioned a moment ago that to reject the amendment and allow the conferees to handle it would be the better way. I am wondering what is the significance of that suggestion? Unless the provision is in either the Senate amendment or the House text, it cannot be considered in conference.

Mr. THOMAS of Oklahoma. The whole amendment will be in conference and the conferees can agree upon the amendment with an amendment. They may modify it in any way they see fit. They can accept one section or two sections or three sections, or they can accept none.

Mr. FESS. They cannot add anything in the form of an amendment that is not in the text of the bill as it passed the House or in the amendment of the Senate.

Mr. THOMAS of Oklahoma. They can clarify the amendment of the Senate in any way they see fit.

Mr. FESS. I think the Senator is mistaken. Here is something that is not in the amendment offered in the Senate. It is not in the House text. It will never go to conference.

Mr. THOMAS of Oklahoma. That is one reason why I objected to the amendment. It seeks to make a preferred class out of the holders of Government bonds and forgets the holders of city and State bonds, county bonds, and corporation bonds. I think it would be doing a very unwise act to grant preference to any class of bondholders.

Mr. FESS. If that is the Senator's position, that is an entirely different question. I wanted to call attention to the fact that it will not be in conference unless we act favorably upon it here.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Ohio [Mr. BULKLEY] to the amendment of the Senator from Oklahoma [Mr. THOMAS]. [Putting the question.] The Chair is in doubt.

Mr. BULKLEY. Let us have a division.

On a division the amendment was rejected.

The PRESIDING OFFICER. The question now is on the amendment of the Senator from Oklahoma as amended.

Mr. HAYDEN. Mr. President, I desire to offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed by the Senator from Arizona to strike out all of lines 24 and 25 on page 5, and lines 1 to 9, on page 6, and insert in lieu thereof the following:

SEC. 36 (a). The President is authorized, for a period of 6 months from the date of the passage of this act, to accept silver in payment of the whole or any part of the principal or interest now due, or to become due within 6 months after such date, from any foreign government or governments on account of any indebtedness to the United States, such silver to be accepted at not to exceed the price of 50 cents an ounce in United States currency. The aggregate value of the silver accepted under this section shall not exceed \$200,000,000.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. Certainly.

Mr. THOMAS of Oklahoma. I understand that the amendment has been worked out by those responsible for the original amendment. Therefore so far as I can I ask that the same be accepted.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Arizona to the amendment of the Senator from Oklahoma.

The amendment to the amendment was agreed to.

Mr. HAYDEN. Mr. President, I now offer another amendment which is merely a correction of the text.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The CHIEF CLERK. It is proposed, on page 6, in lines 23 and 24 of the amendment of the Senator from Oklahoma, to strike out the words: "(d) The President shall cause silver certificates to be issued in denominations of \$1," and to insert in lieu thereof the words: "(d) The Secretary of the Treasury shall cause silver certificates to be issued in such denominations as he deems advisable."

Mr. THOMAS of Oklahoma. Mr. President, the original amendment provided that the President should issue the money. Of course that presumes that he will give an order to the Treasury Department to print the money. The amendment just offered conforms to the practice in the Government, as of course the Treasury issues the money. I see no objection to it, and so far as I can I accept the amendment.

Mr. HAYDEN. I may say that I have submitted the amendment to the Senator from Nevada [Mr. PITTMAN] and that it conforms to his desires, as I understand it.

Mr. GEORGE. Mr. President, before the amendment of the Senator from Arizona is disposed of I desire to make a statement about a previous amendment.

As I interpret the previous amendment, based upon the present price of silver, it is a gift to the debtors, our late allies in the World War, of approximately if not almost exactly 30 percent of the amount of principal and interest now due. If the bill becomes wholly a deflationary bill, it probably is a gift of 50 percent of the debts now due us and which will mature during the lifetime of the amendment which has been offered.

The only answer that can be made to that is that we will take the silver, which is worth less than the debt now due us, coin it into money, and thereby use it. It may also be argued that inasmuch as we will relieve the world of the surplus silver there may be an advance in the price of silver. I have great respect for the author of the amendment and for those who accept it, but I want to register now my own position, and that is that I do not support it because I do not see any occasion to cancel the debt, or any part of it, due from our debtors; certainly not under existing conditions, not at this time, and least of all any part of the debt of a nation already in default.

But if we are to cancel the debts or any part of them let us do it openly, candidly, frankly, and have whatever advantage comes from honest dealing. This is a mere cancellation pro tanto of the debt due.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Oklahoma?

Mr. GEORGE. I yield.

Mr. THOMAS of Oklahoma. Let me remind the Senator that our allies borrowed dollars worth from 44 to 50 cents on the dollar. At the present time, if they pay us in gold, they pay us in dollars worth \$2.44 in farm commodities, and about \$1.80 on the whole range of commodities.

Mr. GEORGE. That is very true.

Mr. THOMAS of Oklahoma. So if today we collect dollars of the present value, we are forcing our debtor allies to pay us from three to five times as much value to release and relinquish and liquidate their indebtedness as they got in value when the loan was made. Now, if we give them 30 percent reduction we are still collecting about 20 or 30 percent more value than they received when the loan was made. So I cannot see that we are doing anything but making an attempt to do partial justice, even if we make the reduction complained of by the Senator.

Mr. GEORGE. That may be true, and I have no objection if we want to write off part of the foreign debts, if there is justification for it; but I want to make my own position clear. We are writing it off, but we are not writing off farm mortgages in this bill.

The farm-mortgage provision in this bill is a provision for the benefit of the stockholders and bondholders of the Federal land banks and joint-stock land banks. We are writing off nothing, unless perchance these institutions themselves may be willing to write it off, for the benefit of the farmers; and their mortgages likewise were created at a time when wheat was selling at an average price in 1917 of \$2.48 a bushel, and an average price of \$2.84 a bushel, or approximately that, in 1918, and cotton at 25½ cents in 1917, and 34.9 cents in 1918. Exactly the same situation obtains; and if we are going to write off these debts I cannot see why we do not simply write them off, and have some advantage that may accrue to us by reason of our forgiveness of these obligations.

Mr. GLASS. Mr. President—

Mr. GEORGE. I yield to the Senator from Virginia.

Mr. GLASS. While it may be stated that the dollars that foreign nations borrowed from us were depreciated dollars—except that I have never understood the argument to be confined altogether to the appreciation or depreciation of dollars, and neglected altogether as to the appreciation or depreciation of commodities—nevertheless, foreign nations were required to spend nearly every dollar that we loaned them in the purchase of commodities in this country at the most extortionate prices that we have had for 100 years, and out of which so great were the fortunes made as that our Government collected \$8,000,000,000 alone out of excess-profits taxes in consequence of that incident.

Mr. GEORGE. I am not taking issue with what the Senator from Virginia says; but I think if there is one thing upon which the party has spoken, it is against the cancellation of these debts. I know that very nearly every man here who came up for election last year was committed definitely against the cancellation of these debts, and I know that this is a cancellation in part of the debts. If my surmise is correct, if my judgment is good, we have a deflationary measure here rather than an inflationary measure; and we are probably cutting the debts that are due and payable with this \$200,000,000 of silver at not exceeding 50 cents an ounce—which, of course, will become the price—probably 50 percent rather than 30 percent.

It is of no consequence, as I see it, that silver may advance, and that we may be buying at the bottom, or, by reason of the absorption of the surplus, or the dumping of the Indian silver, or what not, that we are going actually to make a good bargain. That may be true; but that is in the lap of the gods. That is in the hands of the future. Nor do I think it of any consequence, if I may repeat, that, by virtue of placing the stamp of the Government upon the thing which we take, we give it a value of 100 cents in the dollar and therefore sustain no loss.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from Arizona.

Mr. HAYDEN. No such proposition as that last stated by the Senator is involved in this amendment. We take silver at 50 cents an ounce, and we issue as many dollars of silver certificates against that silver bullion as there were dollars due us on the debt; so that, unlike the ordinary silver certificate that has behind it one silver dollar, now worth, so far as its bullion content is concerned, 20 cents, we have over twice as much silver behind any one of these dollars as there is against the ordinary silver dollar.

Mr. GEORGE. I take no issue with the Senator on that point.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from California.

Mr. JOHNSON. This amendment was presented rapidly. I confess that I did not vote upon it because I did not know exactly what it was, and have just read it. Will the Senator permit it to be reconsidered? Then, if we are going to finish this bill tonight, we will take it up later; or, if the bill goes over until tomorrow, we will take it up tomorrow.

I ask that merely for the purposes of investigation. I am not prepared at the present time to make any objection beyond that which has been made by the Senator from

Georgia; but I should be very glad if the Senator would consent to that procedure.

Mr. HAYDEN. So far as I am concerned, of course, the Senator has a perfect right to move a reconsideration. If that is to be done, I should like to take a few moments to explain the nature of the amendment. Since the Senator from Oklahoma, who offered the main amendment, accepted it, there was very little to do on my part but allow it to be done; but I do want, and I intend in the next few moments, if I can obtain the floor, to explain the proposal.

Mr. JOHNSON. May I ask unanimous consent, then—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from California?

Mr. GEORGE. I yield.

Mr. JOHNSON. I ask unanimous consent that the vote whereby the amendment was adopted may be reconsidered.

Mr. HAYDEN. Will the Senator withhold that request for a moment, so that I may tell him what is in it?

Mr. JOHNSON. Let us have it reconsidered, because some of us have been reading it. If we want to discuss it subsequently, all right; but will the Senator permit that?

Mr. DILL. Mr. President, will the Senator yield? I suggest to the Senator from California that the Senator from Oklahoma has a right to modify his amendment or make that a part of it, and that is what he did. This is not an amendment to the bill; it is a perfection of the amendment of the Senator from Oklahoma.

Mr. JOHNSON. It is an amendment that was offered here, and the question was put by the Chair.

Mr. DILL. But it was accepted as a modification by the Senator from Oklahoma, and he has a perfect right to do that without anybody's consent.

Mr. JOHNSON. I confess, Mr. President, that I did not understand the procedure.

The PRESIDING OFFICER. The Senator from California asks unanimous consent that the vote by which the amendment was agreed to be reconsidered. Is there objection? The Chair hears none.

Mr. JOHNSON. I thank the Senator.

Mr. HAYDEN. Mr. President, may I be recognized on the pending amendment?

The PRESIDING OFFICER. Of course, that vacates the pending amendment.

Mr. HAYDEN. I beg to disagree with the Chair. The original amendment, increasing the amount of silver to be accepted on the foreign debts from \$100,000,000 to \$200,000,000, was adopted. I then offered another amendment, relating to the printing of silver certificates, which is now the pending amendment. Upon that I desire to be heard.

The PRESIDING OFFICER. Then the other amendment will have to be withdrawn. Both amendments cannot be considered at the same time.

Mr. HAYDEN. The only amendment pending before the Senate is the amendment permitting the Secretary of the Treasury to issue silver certificates in such denominations as he may choose, rather than limiting him to \$1 bills. I do not want the Senate to adjourn without an explanation on my part as to why I suggested that the amount of silver to be taken in payment on the foreign debts be increased from \$100,000,000, as provided in the amendment offered by the senior Senator from Oklahoma, to \$200,000,000.

That part of the Thomas amendment which relates to the acceptance of silver in payment of the foreign debts is taken word for word from the bill, S. 145, introduced by the Senator from Nevada [Mr. PITTMAN] on the 10th of last March, providing that from Great Britain alone the United States might accept \$100,000,000 worth of silver in payment of any debt owed by that Government to our Government. The object sought was to permit a transfer of silver from India to England and from England to the United States, and in so doing to take off the market the silver that has most depressed the price of that metal.

I learned last year that the British Government for India owes to Great Britain £16,721,000 sterling, or \$81,422,000 at par of exchange, as the remnant of £100,000,000 that India assumed as a part of the British Empire World War debt.

The British Government for India is the greatest possessor of silver of any government in the world. It occurred to me that if India would pay its debt to Great Britain in silver, and the United States would accept that silver in payment of principal or interest due from Great Britain, and the American Government could utilize that silver as money, then two intergovernmental debts could be paid with the same silver without burden either to the British taxpayer or the American taxpayer. That is the proposal as contained in the bill introduced by the Senator from Nevada.

When it was subsequently incorporated in the legislation now pending the proposal was broadened to include all countries that are debtors to the United States. It is quite obvious that the amount of \$100,000,000 should be increased, because it is not equal to the amount due on the June payments and the payments that were unpaid in December. I therefore looked into the matter to determine how much money remained unpaid in December and what sums will be due in June from all the governments to whom the United States loaned money during and after the World War. The following table shows that the total amount is \$194,073,221.

Amounts due the United States from foreign governments within 6 months

Country	Principal	Interest	Principal	Interest	Total
	Dec. 15, 1932	Dec. 15, 1932	June 15, 1933	June 15, 1933	
Austria	¹ \$287,556				\$287,556
Belgium		\$2,125,000	\$4,200,000	\$2,125,000	8,450,000
Czechoslovakia			1,500,000		1,500,000
Estonia	111,000	245,370		284,322	640,692
Finland				148,592	148,592
France		19,261,432	21,477,135	19,261,433	60,000,000
Great Britain				75,950,000	75,950,000
Greece	² 130,000		130,000		1,149,300
	³ 227,000	217,920	231,000	213,380	
Hungary	12,285	28,444		28,260	68,989
Italy			12,300,000	1,245,438	13,545,438
Latvia				118,961	118,961
Lithuania			39,705	92,886	132,091
Poland	1,357,000	3,070,980		3,559,062	7,987,042
Rumania			1,000,000		1,000,000
Yugoslavia			275,000		275,000
Total	2,124,841	24,949,146	41,152,840	103,026,834	171,253,661

Country	Sept. 30, 1932	Mar. 31, 1933	Sept. 30, 1933	Total
Germany:				
Army costs				
reichsmarks	12,650,000	12,650,000	9,300,000	34,600,000
Mixed claims				
reichsmarks	20,400,000	20,400,000	20,400,000	61,200,000
Total	33,050,000	33,050,000	29,700,000	95,800,000
				\$22,819,560
				194,073,221

¹ Jan. 1, 1933.

² Jan. 1, July 1.

³ May 10, Nov. 10.

Includes amounts payable under moratorium agreements but does not include interest payable on principal installments postponed since July 1, 1932.

My amendment applies only to sums due or to become due to the United States within 6 months—the December payments and the June payments—and also places a limit of \$200,000,000 upon the amount of silver that can be accepted from foreign governments. The table covers all sums immediately due the United States arising out of the so-called "war loans", except, perhaps, balances from Nicaragua and Russia.

My amendment permits the President to accept silver at not to exceed 50 cents an ounce. That is a ceiling. It does not mean that he must take it at that price. The President can accept it at any agreed price up to 50 cents an ounce. If all sums now due or to become due within 6 months are paid in silver at that price, there will be deposited in the Treasury of the United States 388,000,000 ounces of silver. Against that silver so deposited the Secretary of the Treasury will issue \$194,000,000 of silver certificates, with more silver behind them, over twice as much as there is behind our present silver certificates.

Another effect will be to take off the market the surplus silver of the world. A House committee composed of Members not one of whom was from a silver-producing State and headed by a Representative from the State of New York, Hon. ANDREW L. SOMERS, investigated the silver very thoroughly for months in the last Congress. In March of this year the Committee on Coinage, Weights, and Measures reported to the House of Representatives a bill (H.R. 14756) providing that the Secretary of the Treasury purchase in the open market \$250,000,000 worth of silver at prices beginning at 40 cents an ounce and extending up to as high as 75 cents an ounce for the avowed purpose of taking off the market the surplus silver of the world. The report of the committee states that silver would then be restored to its normal position in world trade, and would advance in price.

The British Government for India has been the chief seller of silver. In an effort to place India on the gold standard the Indian Treasury has sold silver, beginning in 1928, down from 57½ cents an ounce to under 30 cents. They have given up twice as much silver in their later operations to get an ounce of gold as they did in the beginning, and they never obtained gold enough to put India on the gold standard.

The best proof that the whole operation, not only wrong but futile, is that in the meantime England has gone off the gold standard. But the Indian Government still has on hand, as best we can learn, some 200,000,000 ounces of surplus silver, which they still desire to sell. If that silver is taken by the United States so that it is no longer a menace to the silver market, it is certain that the price of that metal will go up.

The maximum price fixed in the Thomas amendment is 50 cents an ounce. The following table shows that this is less than the pre-war and pre-depression price of silver.

Average price of silver in New York per fine ounce

Year:	
1901	\$.59703
1902	.52815
1903	.54208
1904	.57843
1905	.61008
1906	.67379
1907	.65978
1908	.53496
1909	.52163
1910	.54245
1911	.54002
1912	.62006
1913	.61241
1914	.56331

Average for 14 years before the World War, \$0.58029.

Year:	
1921	.63096
1922	.67934
1923	.65239
1924	.67111
1925	.69406
1926	.62428
1927	.56680
1928	.58488
1929	.53306

Average for 9 years after the World War, \$0.62632.

(Report of the Director of the Mint, June 30, 1932, p. 127.)

There is in this proposal no reduction, no cancellation of indebtedness whatsoever. Why does the Senate object to cancellation? Because it is an effort to relieve British or the French or German taxpayers, and transfer a burden to American taxpayers. If this proposal contained any suggestion of such a thing as that, I myself would oppose it. But when the United States Treasury accepts silver and issues against it the identical amount of silver certificates represented in the sum of the payments on the foreign debts, and utilizes such certificates in paying the current expenses of our Government, that silver is just as good to us, and will serve every purpose of the American taxpayer as if the same value of gold had been paid. There is no transfer of any burden whatsoever from a European to an American taxpayer.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. ADAMS. I wanted to inquire of the Senator from Arizona whether he did not think there was an error in the understanding of the Senator from Georgia. He seemed to be under the impression that this amendment required the silver to be taken from the foreign government at 50 cents an ounce. My understanding is that the 50 cents per ounce is an outside figure. It is provided in the amendment that it shall not be taken at a price in excess of that, and really contemplates that the silver shall be taken at its market price, merely putting a limit on the price. Therefore, when the Government takes the silver, it takes it at a price at which it could again put it on the market.

Mr. HAYDEN. That is what I have previously stated, that 50 cents is nothing more than a ceiling. I want that made perfectly clear.

Mr. GEORGE. Mr. President, I want it made clear that I understand the language of the amendment, but I know what the result will be. Of course, the maximum price fixed becomes the actual price of the silver.

Mr. HAYDEN. Let us suppose that what the Senator from Georgia asserts does take place; there is still no element to which any American taxpayer can object. It transfers no debt burden from any European country to the United States. That is why Senators generally are opposed to cancellation, because it means that it would relieve European taxpayers of an obligation they have to the United States and impose that same obligation upon the American taxpayers. This amendment would do nothing of the kind. It could not possibly have any such effect. The American Government accepts silver at a price and issues against it silver certificates to the amount of the debt payments only. There will be behind those silver certificates over twice as much silver in value as there is against the present silver certificates now in circulation at par throughout the United States. It will be good money; it will be sound money. When such silver certificates are issued they can be paid out of the Treasury just as we would pay out the gold if we received it from a foreign government.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. HAYDEN. Certainly.

Mr. CONNALLY. When the certificates are issued, are they issued for the same number of dollars we take in the form of silver, or are they issued at the price the silver is purchased for? For instance, suppose we got 40 cents an ounce. Are we to issue the certificates based on that 40 cents?

Mr. HAYDEN. No; the Secretary of the Treasury will issue the certificates to the extent of the number of dollars credited on the foreign-debt payment. The entire amount of silver is deposited in the Treasury as security for the payment of such certificates, and, as I have said, it will be more than double the amount of silver now deposited against the silver certificates now in constant use.

Mr. CONNALLY. That is true, but under the Parity Act we would have to make those silver dollars interchangeable with gold dollars. How much actual silver would be in this new silver certificate that is to be issued?

Mr. HAYDEN. The ordinary silver certificate has 77/100 of an ounce of silver deposited in the shape of coin silver in the Treasury for its redemption. Under the Parity Act of 1900 silver certificates are also redeemable in gold. These certificates likewise, as long as the Parity Act is in existence, would be redeemable in gold, so that they would have not only an extraordinary amount of silver behind them, but also the entire gold reserve in the Treasury. It would be perfectly sound money.

Mr. BORAH. Mr. President, what is it the Senator has in mind that would be accomplished by this amendment? Does he think it would raise the price of silver?

Mr. HAYDEN. I do. I think it would at least have the effect of taking off the market the surplus silver which it is well known that the Indian Government has been seeking to sell during the past 4 or 5 years.

Mr. BORAH. But a hundred million would not make a dent in that.

Mr. HAYDEN. I must disagree with the Senator from Idaho. After very exhaustive hearings, the House Committee on Coinage, Weights, and Measures, taking the testimony of many witnesses who were fully qualified to speak, came to the conclusion that there is not in existence in the world today more than 350,000,000 ounces of surplus silver. Of that amount about 200,000,000 ounces are in the Treasury of the British Government for India.

There has been no overproduction of the white metal. The decline in its price has been solely due to the action of governments; first, the Government of Great Britain, which called in all the silver coins, the shilling, the sixpence, the half crown, and melted them up. They melted all the coins up and reissued them, instead of nine hundred and twenty-five one thousandths fine, at five hundred one thousandths fine, and thus got a large amount of surplus silver. The British Government sold over a hundred million ounces of silver obtained in that way and dumped it on the market. That action was followed by similar debasement of coins by Belgium and again by France.

Mr. BORAH. Does anybody know how much silver is hoarded in India?

Mr. HAYDEN. There is no accurate knowledge of the amount of silver in India, because that country has been a sink of silver since the days of Marco Polo. But we do know that is the principal store of value the Indian people have. They hoard silver against a time of need. The House committee finds that, regardless of any price that might be offered for silver, particularly a modest price like 50 cents an ounce, the hoards of India and China would not be disturbed.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield to my friend.

Mr. PITTMAN. That is just the point I wanted to call attention to. When silver was \$1.18 an ounce, in 1919, instead of the great amount of silver coming out of India, they bought nearly twice as much that year as they did before. The same was true of China. They held silver, but not for speculation. So we know, from the history of the past, that during the 3 years—1918, 1919, and 1920—when silver was above a dollar an ounce throughout the world, instead of silver coming out of the hoards of India and China, the world's mine production went into those countries. That is about all I want to say about the flow of silver.

Mr. HAYDEN. Let me read from this well-considered report made by the House Committee on Coinage, Weights, and Measures. This is its findings:

Whilst there are in existence probably about 12,000,000,000 ounces of silver, the testimony before our committee convinces us that most of it is in the form of hoardings held by the people of China and India, and that no price will cause it to come on the market of the world. The best testimony that our committee could obtain is that the oversupply of silver in the markets of the world, and that could come upon the markets of the world even with a great rise in the price of silver, would not exceed 350,000,000 ounces.

The purchases of silver under this bill—

That was a proposal to buy \$250,000,000 worth—

The purchases of silver under this bill, therefore, would remove the surplus supply of silver from the market of the world and allow it to reach its normal price, where it remained for many years, around 60 cents an ounce, which was based on normal mine production and normal demand.

I said that European governments, by debasing their coins, taking silver out of their coinage and dumping it on the market, first broke the price. Then the British Government for India in 1928 decided to go on the gold standard. To get gold India has sold over 150,000,000 ounces of silver, derived from demonetized coins, within the past 6 years.

It is our contention, and I believe it is perfectly sound, that if European governments had continued to use silver in their coinage as they did before the World War, and if the Indian Government had not demonetized silver and dumped it on the market, the price would not have fallen to the all-time low of 24¼ cents an ounce in New York on December 29, 1932.

Mr. BORAH. Does the Senator think that if this amendment is enacted into law the foreign governments will pay in silver?

Mr. HAYDEN. I am quite hopeful that the British Government will do so.

Mr. BORAH. Why would they pay in silver and not in gold, unless they can get silver cheaper?

Mr. HAYDEN. That is the point exactly. If the Indian Government has been willing to sell large quantities of silver at very low prices, they ought to be glad to obtain a higher price and get rid of all their surplus. If India will pay the \$80,000,000 they owe England in silver, the English can take the same silver and pay the United States. Two intergovernmental debts will be canceled, and the silver will be just as useful to the American Government as though the English payment had been made in gold. By this method, for one payment only—and the privilege will expire in 6 months—the British taxpayer will be relieved of making the June payment, because the British Government will have collected a debt from a British Dominion—India.

Mr. FESS. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. FESS. The amount is \$200,000,000?

Mr. HAYDEN. That is correct.

Mr. FESS. Is that to come in the form of bullion?

Mr. HAYDEN. Yes; it is to be \$200,000,000 worth of silver. That is the maximum amount.

Mr. FESS. It will be received, not in coin, but in bullion?

Mr. HAYDEN. In bullion; yes.

Mr. FESS. Then we are to put it out in the form of silver certificates?

Mr. HAYDEN. Up to the amount of the debt payments only.

Mr. FESS. On what basis would the certificates be issued?

Mr. HAYDEN. The Thomas amendment provides that as many silver dollars shall be coined as dollars are paid to us, the balance of the silver to remain as bullion, a reserve in the Treasury. Then the Secretary of the Treasury will issue the ordinary silver certificates against that silver.

Mr. FESS. The silver certificate issued would be redeemable in what?

Mr. HAYDEN. On its face, in silver. Under the parity act, in silver or gold, at the demand of the owner.

Mr. FESS. Is there any obstacle to a person having a silver certificate having it redeemed in gold? Then, when it is redeemed, what will be done with the certificate?

Mr. HAYDEN. It will be reissued for the ordinary operating expenses of the Government.

Mr. FESS. Then the person who gets it can take it back and get it redeemed in gold the second time?

Mr. HAYDEN. That was done, as the Senator will remember, many years ago.

Mr. FESS. That was done in 1890.

Mr. HAYDEN. Yes.

Mr. FESS. Under the Sherman Act. That started the vicious circle which drained the gold. Does not the Senator think that is a dangerous provision?

Mr. HAYDEN. No; not with such a comparatively small amount of silver. The Senator will remember that the United States went on the gold standard in 1900. At that time there was \$1,034,000,000 of monetary gold in the United States, and \$648,000,000 in silver. The per capita of silver then was \$8.50. The per capita of silver is now \$6.75. The gold in America has increased fourfold. We now have \$4,380,000,000 in monetary gold. This is a very limited operation, applicable only to payments due the United States within 6 months, and is designed to take off the world market the surplus which we know exists, and then allow the silver market to operate in a normal way.

Mr. FESS. I will say to the Senator that I have had a lot of sympathy with what the Senator from Arizona and the Senator from Nevada have wanted to do. It has appealed to me that it would permit the payment of a debt which might not be paid otherwise; that it would furnish a market for silver and offer an opportunity for better trade with these other countries. But I was not aware of the

fact that the plan was to issue the silver in the form of certificates and then permit the certificates to be redeemed in gold, and the certificates, after they are paid out, will get into a vicious circle, by which, I think, we will be in the same position we were in in 1893, when Cleveland called a special session of the Congress to repeal the act of 1890. I was not aware that the Senator was proposing that.

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Nevada?

Mr. HAYDEN. I yield.

Mr. PITTMAN. This amendment does not propose any different condition with regard to the certificates than now exists with regard to the \$490,000,000 of certificates which are in circulation.

Mr. FESS. The Senator, then, is not afraid of what we faced in the years from 1890 to 1893?

Mr. PITTMAN. No; because since that time there have been \$490,000,000 of silver certificates in circulation, secured by only 0.78 ounce of silver each; only once in that whole time, in 1920, has the intrinsic value of silver reached its monetary value, and yet never during this century has there been any depreciation of those certificates nor any necessity for our Government to do anything to maintain their parity.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Idaho?

Mr. HAYDEN. I yield.

Mr. BORAH. I wish to ask the Senator from Nevada, who knows much about this matter, Is there not wrapped up in this amendment the possibility and probability that foreign governments will pay their debts in a less amount than they would if the amendment were not adopted?

Mr. PITTMAN. I think not, sir; and my reason for saying so, if the Senator wants a reason, is this—

Mr. BORAH. I was going to say that I cannot see why they would want to pay their debts in silver unless there was some advantage to them in doing so by reason of their ability to obtain silver at a low price.

Mr. PITTMAN. I agree with the Senator in that, too, and therefore it is very probable that the only government that would gain by it would be the British Government, by collecting a war debt from India and transferring it at the same rate to us.

Mr. BORAH. According to the newspapers, Great Britain and France now are in what might be called a financial alliance by which Great Britain is to help with her so-called "equalization exchange fund" to maintain the franc. I should think she could furnish silver to France, although perhaps she would not have enough to do that.

Mr. PITTMAN. I do not know about that; but here is the situation.

Mr. HAYDEN. I shall be glad to yield to the Senator, or I will yield the floor if the Senator so desires.

The PRESIDING OFFICER. The time of the Senator from Arizona has expired, both on the amendment and on the bill.

Mr. HAYDEN. Mr. President, let me make a parliamentary inquiry.

Mr. PITTMAN. Mr. President, may I take the floor?

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. PITTMAN. I yield to the Senator from Arizona for a question.

Mr. HAYDEN. I should like to know if it is expected to dispose of the entire bill tonight? If it is, I think the Senate should vote on the proposal now before us.

Mr. SMITH. Mr. President, may I make a suggestion, if the Senator from Nevada will allow me?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from South Carolina?

Mr. PITTMAN. I yield.

Mr. SMITH. I want to state that it is imperative that we pass this bill, and I am going to ask the Senate to remain in session and try, if possible, to pass it tonight. If we shall

not be able to do that, then I hope we will reconvene tomorrow and continue the work on this bill so as to expedite its passage.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Missouri?

Mr. PITTMAN. I will yield, if there are any other suggestions.

Mr. CLARK. I merely wish to ask a question of the Senator from South Carolina. Can the Senator from South Carolina tell the Senate the subject of the pending bill?

Mr. SMITH. If I had the bill here before me, I might do so, but, unfortunately, I have it not, and I have not had time to list all the matters contained in it.

Mr. GEORGE. Mr. President, may I make a suggestion?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Georgia?

Mr. PITTMAN. I yield.

Mr. GEORGE. I understood the parliamentary situation to be this: That the amendment was offered by the Senator from Arizona, and the Senator from Oklahoma really accepted the amendment to his amendment, which he had a right to do, without a vote.

The PRESIDING OFFICER. The Chair will state to the Senator from Georgia that, under the rules, the Senator from Oklahoma did not have the right to accept the amendment.

Mr. GEORGE. Perhaps so. I assumed that he did have that right.

The PRESIDING OFFICER. He attempted to do it, but it could not be done under the rules.

Mr. GEORGE. And I considered the amendment as having become a part of the amendment of the Senator from Oklahoma. I merely rose to state my own position, because I thought the matter was being passed over, and not to argue the merits or the demerits of the coinage of so much silver or the advantage of absorbing the silver surplus. Those questions were not in my mind. As I interpret it, this is a pro-tanto cancellation, because, obviously, there would be no necessity of taking silver from foreign countries unless silver was to be taken for more than its market price. If it is to be taken only at the market price, the governments which would offer to pay us silver could, of course, just as readily pay us in gold.

I concede that by virtue of the treatment which we gave to the silver we probably would hold ourselves harmless, but I do not want to enter into any controversy over those phases of the amendment.

The PRESIDING OFFICER. The Chair desires to state that technically there are two amendments pending before the Senate, which is in violation of the rules. The first amendment offered by the Senator from Arizona having been agreed to, he offered his second amendment, which was not voted on; and while it was pending, the vote by which his first amendment was adopted was reconsidered, which puts it back in its original position. One of these amendments has got to be laid aside before the Senate can vote on the other. The Chair suggests that the last amendment be temporarily laid aside so that the first one may be passed on again.

Mr. HAYDEN. I hope the Senate will adopt the second amendment, to which I am sure there is no objection.

The PRESIDING OFFICER. If that amendment can now be adopted, it will be out of the way, and the debate may proceed upon the first amendment which was reconsidered and the parliamentary situation will be clarified by voting on the second amendment. Without objection, the Chair will put the question on the second amendment.

Mr. JOHNSON. Wait a moment, Mr. President.

The PRESIDING OFFICER. The Senator from California.

Mr. JOHNSON. Mr. President, I do not want to be put in the position of controverting anything that has been said by the Senator from Nevada or the Senator from Arizona. I recognize that they are authorities upon these particular questions, and I would accept, of course, what they say as

being determinative of the facts, but there is presented by this amendment a proposition that the Senate ought to know and understand. Originally, Mr. President, the bill provided as will be found in section 36.

The PRESIDING OFFICER. Will the Senator from California permit the Chair to put the question on the second amendment which was being voted on when he rose? It apparently has no relation to the first.

Mr. JOHNSON. Mr. President, I misunderstood the Chair. I thought he was referring to the second amendment to the amendment concerning which there has been a reconsideration.

The PRESIDING OFFICER. The second amendment provides merely for a change in the language to give the Secretary discretion as to the denomination of the silver certificates that may be issued.

Mr. JOHNSON. Then, the second amendment refers to silver certificates?

The PRESIDING OFFICER. Yes.

Mr. JOHNSON. Silver certificates that will be issued under the first amendment?

Mr. HAYDEN. Yes. The whole question was whether they should be all \$1 bills or whether the Secretary might have discretion to issue bills of different denominations.

Mr. JOHNSON. Yes; and that amendment necessarily is a corollary or an amplification of the first amendment which was reconsidered.

Mr. HAYDEN. Mr. President, to save time, I withdraw the second amendment, so that we go on with the first.

The PRESIDING OFFICER. Without objection, the Senator from Arizona withdraws the second amendment.

Mr. JOHNSON. Mr. President, I shall occupy but a moment in this regard; but here we have a question which I think the Senate ought to understand at least in its implications. I do not pretend to speak with any degree of accuracy respecting silver at all. I am sympathetic with the view, of course, that has been expressed upon this floor and has been so ably expounded by the Senator from Montana, the Senator from Arizona, and the Senator from Nevada; but in this bill as originally presented, in section 36, we find that—

The President of the United States is authorized to accept silver, in amounts not to exceed the aggregate in value in the United States currency of \$100,000,000, in payment of the whole or any part of any amount of principal or interest due from any foreign government or governments on account of any indebtedness to our Government, such silver to be accepted at not to exceed the price of 50 cents an ounce.

I could quite understand that provision, sir, although I do not know whether or not it was intended as I have suggested. I could understand that it might well be proposed upon the theory that Great Britain, who had paid the last installment of her debt to the United States in December 1932, should be permitted to pay the next installment in such coin as she desired and in silver, which doubtless she has. I could understand that, I say, because Great Britain had paid the installment of the debt that was due from her. I do not comprehend, however, why there should be an increase in the amount of silver, in relation to the debts, from \$100,000,000 to \$200,000,000. The increase from \$100,000,000 to \$200,000,000 can have, in relation to the debts, but one purpose, and that is to permit the countries which have defaulted to obtain, as they desired, silver in the market and pay the installment of their debts in that silver. That we would not realize, therefore, the amount from the defaulting countries that those countries owe our Government is self-evident, it seems to me, and therefore, sir, it was that I made the motion to reconsider.

I do not believe, and I do not think the Senate believes, that there should be extended any special privilege to any nation on the face of the earth that has defaulted in the payment of its just obligations unto this country, and particularly, sir, I do not believe, and I do not think that any Member of the Senate believes, that any country that was able to pay the last installment due from it should be permitted in any depreciated currency or in currency that lacks its full monetary value to repay any installment in the near

future. It was because I thought I saw that implication in this amendment, and because I think I see it now, that I objected to the amendment, and would prefer that the bill stand in its original form.

I do not stand here as a last "red-center", as the great international newspapers like to refer to men who believe that the just obligations due this country from other countries ought to be met; I do not stand here in an ungenerous and uncharitable attitude regarding any nation on the face of the earth. I do not wish that there should be broken the course of amity between ourselves and any nation which has defaulted or which may default; but I do insist when the United States Government has an obligation that is due, that is in the form of a solemn agreement to pay, that this Government shall stand its ground in friendly fashion and maintain its position, holding its obligation and yielding nothing in relation to any country that is wholly able to meet its obligations to us. That is all that I desire in respect to the debts that are due us.

If any country cannot pay, well and good; we pass it by. If any country will not pay when it can pay, then, sir, we hold our obligation and we cheerfully say to that country, "Do as you see fit, because, able to pay and refusing to pay, your action will in the future harm you infinitely more than the payment would advantage us." That is the position of some of those who hold views such as I hold in regard to these debts.

Now, sir, I can see no reason, if it be embraced within the amendment that has been presented, why we should increase the silver that may be paid from \$100,000,000, which would include the debt that Great Britain owes to us in June next or the installment of that debt, to \$200,000,000, which would enable any defaulting country to purchase, if it could purchase, silver at a decreased price in any part of the world or receive it from any economic or financial ally that that country may have. Therefore, I hope that the particular amendment will not be adopted.

Mr. PITTMAN. Mr. President, as originally—

The PRESIDING OFFICER. The Senator from Nevada is recognized on the bill; he has spoken once on the amendment.

Mr. PITTMAN. I realize the situation. I did not speak, but I was on my feet while others spoke; it is all right.

Originally when a bill was introduced by me in March which was in the form of the provision in the Thomas amendment it only referred to Great Britain, because I do not believe there is any other country that has any substantial amount of silver or can get any amount of silver without buying it with gold, and it would be just as easy to pay in gold as to buy the silver. That was the limit fixed.

The reason for limiting it to India was because we ascertained that the Indians owed the British Government about \$15,000,000,000 of war debts, and we were advised that they wanted to pay those war debts in silver. It has been argued as an excuse for not paying the debt that the British Government could not safely transfer the gold away without affecting its reserve; that we would not accept commodities because we did not need commodities—and hence our tariffs against them—and, therefore, they could not pay us. Here was a commodity called silver which they could get in settlement of their debts from India and which, if we accepted in settlement of our debts, would cancel the transaction. It happened to be a commodity, however, that would not endanger our market.

We could not accept \$74,000,000 of any other commodity without endangering our already oversupplied domestic market; but we could accept the silver without occasioning that loss for the reason already stated and as stated by the Senator from Arizona [Mr. HAYDEN]. We could follow the old practice that we followed in the past, and, having accepted from Great Britain the \$94,000,000, as it was estimated at that time, we could issue \$94,000,000 worth of silver certificates and add them to the \$490,000,000 we already have. It would not then give us as large a proportion of silver issue as we had in 1890 or 1900. It would be on the same terms as the other silver certificates. But, in

addition to that, we would have twice as much silver behind the new issue of silver certificates as we have behind the \$490,000,000 of silver certificates.

As to the depreciated prices, silver today is around 37 cents an ounce. It is inevitable that if Great Britain will accept or will offer to pay the debt payment due June 15 in silver, silver would rise perhaps 10 cents an ounce. In other words, the oversupply of it is so small that any use in that way would cause silver to rise. We put it at 50 cents an ounce, thinking that might possibly help us to solve the embarrassing question which will arise on June 15, when no one desires repudiation, particularly right in the face of the economic conference. If silver happened to be 51 cents an ounce and the President was not allowed to accept it at less than that figure, the whole transaction would be off because of that lack of power. If we put it at 36 cents an ounce, the price today, and it became rumored that Great Britain was going to make that payment in silver, that much silver taken out of India would increase the price of silver, in my opinion, 10 cents an ounce instantly.

On June 15 those countries will owe us payments as follows: Belgium will owe us \$4,200,000; Czechoslovakia, \$1,500,000; France, \$21,477,135; Great Britain, \$75,950,000, with interest; Greece, \$231,000; Italy, \$12,300,000. I understand there is \$30,000,000 owed us by Germany.

Mr. WALCOTT. Mr. President, the figures given for France do not include the defaulted payment, I understand.

Mr. PITTMAN. No; I am just stating the payments that will fall due on June 15.

Mr. COUZENS. Mr. President, may I ask the Senator a question?

Mr. PITTMAN. Certainly.

Mr. COUZENS. The Senator has not told us yet, but will he tell us why the amount was raised from \$100,000,000 to \$200,000,000?

Mr. PITTMAN. It is by reason of the schedule I have just read. The totals include the \$19,000,000 that they did not pay, but should have paid—\$194,000,000.

Mr. COUZENS. Then the Senator does contemplate that those countries which are in default shall be permitted to pay in silver?

Mr. PITTMAN. Yes; I do.

Mr. COUZENS. And it is that to which the Senator from California [Mr. JOHNSON] objects, I understand?

Mr. PITTMAN. Yes; that is true. Personally I feel that if France is willing to pay the next payment as well as the one now past due in a metal or commodity that will not injure us to accept and that is of the value at which we accept it, it would be a very fine solution of the embarrassing debt problem we now face.

So far as price is concerned, I do not think France could avail herself of it. The reason why I say that is that France will have \$10,000,000 or \$15,000,000 on hand of subsidiary coinage, and that would be all. If we start to buy that silver in the markets of the world, we could not buy \$30,000,000 worth of silver without increasing the price at least 10 cents an ounce. I do not think France could do it; but there would be several of those small countries, including Germany, that would have enough silver to pay us in that commodity, which is undoubtedly of the value of 50 cents an ounce. It seems, when we are dealing with all the governments at this time in the face of an economic conference, we should put aside any discrimination in the settlement of these debts.

Mr. HATFIELD. Mr. President, may I submit an inquiry to the Senator from Nevada?

Mr. PITTMAN. Certainly.

Mr. HATFIELD. Based upon the price of silver at 50 cents an ounce, how much would America scale down the European debts to be paid us?

Mr. PITTMAN. About \$194,000,000.

Mr. ROBINSON of Indiana. Mr. President, I want to mention a statement which I understood the Senator from Oklahoma [Mr. THOMAS] made with reference to the amount our foreign debtors would have to pay us. I asked for a transcript of the notes of the Official Reporter to see

that I was correctly advised on the matter. I think the Senator's statement should be challenged. I do not want it to go unchallenged. The Senator from Oklahoma said:

So if today we collect dollars of the present value, we are forcing our debtor allies to pay us from 3 to 5 times as much value to release and relinquish and liquidate their indebtedness as they got in value when the loan was made. Now, if we give them 30 percent reduction, we are still collecting about 20 or 30 percent more value than they received when the loan was made. So I cannot see that we are doing anything but making an attempt to do partial justice, even if we make the reduction complained of by the Senator.

It seems to me that the Senator, in view of that statement, entirely overlooks the Liberty bonds. They are all outstanding and the American people are paying them with an average of better than 4 percent interest—4.07 percent, I believe it is. They all carry the gold clause. They are payable in gold. The American people, it seems to me, are entitled to some consideration in a matter of this kind.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Oklahoma?

Mr. ROBINSON of Indiana. I yield.

Mr. THOMAS of Oklahoma. I made that statement hurriedly and as a result of the best operations of my mind on the spur of the moment, and I am not absolutely sure that it is correct. If we receive \$191,000,000 of silver from our allied debtors and issue thereon certificates to that amount we can retire that amount of Liberty bonds 100 percent.

Mr. ROBINSON of Indiana. In the first place, we have wiped out the entire principal of their indebtedness to the American people. If England pays a little better than 3-percent interest each year for 62 years, her entire debt is extinguished, but the American people must go on and on and on, paying the amount loaned by them, which was raised through the Liberty bonds and which bears an average interest of more than 4 percent, all carrying the gold clause.

Mr. THOMAS of Oklahoma. The allied nations owe us about \$11,000,000,000. If we keep the dollar at the present value during the next 62 years and they should pay per their contract, at the end of that time they would have paid more than \$45,000,000,000 because of the advance in the purchasing price of the dollar over and above what it was in 1926, for instance.

Mr. ROBINSON of Indiana. Suppose that is true and we continue for 62 years paying 4.07-percent interest on the Liberty bonds, how much will our people have paid out in interest on the money we raised to loan to Europe in order to save their lives? It is time someone had some consideration for the American people. The point I make is that by accepting any amount in silver on these debts we reduce the indebtedness that much further. There is no question about that, and we have already written off all the principal so that if they pay the small amount of interest each year for 62 years they will then have discharged their entire indebtedness to the American people.

Mr. HAYDEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Arizona?

Mr. ROBINSON of Indiana. Permit me to yield to myself for just a moment.

I read in the Washington Star yesterday a statement, I think under a Paris date line, to the effect that now, reluctantly, France proposes to pay the overdue installment of \$19,000,000 to the American people which was due last December and which they defaulted, though they were well able to pay, on the assurance they seem to have that the President of the United States is going to grant a moratorium on the June payment. In other words, it seems that they have an impression—I do not know where they got it—that somehow or other, without any regard whatever to what Congress thinks about it, the President has agreed tentatively, or in some form that seems to satisfy them, to grant a moratorium to all our foreign debtors next June. Some of us will oppose that, I am sure, to the last degree and endeavor to reassert the independence of Congress.

Further, it is now intimated that a consultative pact has been arrived at as a result of which, if France gets into trouble with any neighbor or any other country over there, we are to enter into the European situation and embroil the American people again in the wars of Europe. Of course, I hope the President has agreed to no such consultative pact, and, of course, I assume that a red-blooded Congress will never consent to any such thing.

Mr. LEWIS. Mr. President—

Mr. ROBINSON of Indiana. I yield to the Senator.

Mr. LEWIS. I am able to inform the eminent Senator from Indiana that no such pact exists, either as to any agreement reducing the debt, or changing or shaping it, through any policy or conversation that transpired between the President and the foreign delegates here; second, I can assure the able Senator, whose solicitude I greatly appreciate, that there has been no agreement as to any consultative pact or any other pact involving this Government in any understanding whatsoever touching foreign affairs ignoring the United States Senate.

Mr. ROBINSON of Indiana. Can the Senator assure us, too, that no agreement has been entered into for a moratorium in June?

Mr. LEWIS. I can say to the Senator that I have information which would justify me in saying to any citizen of America that there has been no agreement whatever by the President of the United States or any governmental authority of this country with any foreign country contracting for a moratorium at any time.

Mr. ROBINSON of Indiana. I am glad to have that assurance from my very good friend the Senator from Illinois, and I hope he speaks with authority.

Mr. BORAH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Idaho?

Mr. ROBINSON of Indiana. I do.

Mr. BORAH. Can the Senator assure us that the President will not ask for authority to deal with these matters—the question of debts, the question of moratorium, and the question of payments, and so forth?

Mr. LEWIS. Is the distinguished Senator from Idaho addressing his query to me or to my friend from Indiana? I was not sure.

Mr. BORAH. To the Senator from Illinois.

Mr. LEWIS. I am compelled to say to the Senator that I have no way of adjudging what the President of the United States in the future may be called on to do by some events that may transpire in the future, which none in the present can now anticipate; but as matters now stand, in the present, from any information and all the information I have—

Mr. LONG. Mr. President, may we have order? It is difficult to hear the Senator.

The PRESIDING OFFICER. The Senate will be in order; and Senators will take their seats, except those entitled to stand.

Mr. LEWIS. Mr. President, the failure to hear me is my fault. My eminent friend from Idaho being so near to me—and, I hope, ever to be near to me—caused me not to regard the necessity of addressing my voice at a longer range.

My answer is that while I cannot tell and cannot say what attitude of mind the President has, or will have, as to some future events not now existing, as to matters now existing I have every reason to be able to assure the Senator that there is no intention on the part of the President or his advisers to make such request to this honorable Congress as my able friend from Idaho seems to anticipate as a possibility, if that replies to his question.

Mr. BORAH. That is a reply, I think, to my question; but my understanding is that there is an expectation upon the part of the administration to request of the Congress a delegation of power to deal with all these matters.

Mr. HAYDEN. Mr. President, will the Senator from Indiana yield?

Mr. ROBINSON of Indiana. I yield.

Mr. HAYDEN. Just for a moment, so that I may correct what I am sure the Senator from West Virginia [Mr. HATFIELD] did not intend to convey to the Senate. The facts are that under this proposal there could be paid, if every nation paid in silver at 50 cents an ounce, debts to the amount of \$194,000,000, and that would require 388,000,000 ounces of silver. The proposal as stated by the Senator from West Virginia is not contained in the amendment.

Mr. ROBINSON of Indiana. I do not know just what the effect would be. I assume the Senator speaks with accuracy. I am not challenging his statement nor, of course, that of my friend from West Virginia. I do not know which is correct; but I am opposed, and I think I am expressing the temper of the people of the country, to any further reduction of the foreign debts.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Arizona [Mr. HAYDEN] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. ROBINSON of Indiana. Mr. Austin and other Senators called for a division.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reed
Ashurst	Costigan	Kendrick	Reynolds
Austin	Couzens	Keyes	Robinson, Ark.
Bachman	Cutting	King	Robinson, Ind.
Bailey	Dale	La Follette	Russell
Bankhead	Dickinson	Lewis	Schall
Barbour	Dieterich	Logan	Sheppard
Barkley	Dill	Loneragan	Shipstead
Black	Duffy	Long	Smith
Bone	Erickson	McAdoo	Steiwer
Borah	Fess	McCarran	Stephens
Bratton	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McNary	Thomas, Utah
Bulkley	George	Metcalf	Townsend
Bulow	Glass	Murphy	Trammell
Byrd	Goldsborough	Neely	Vandenberg
Byrnes	Gore	Norbeck	Van Nuys
Capper	Hale	Norris	Wagner
Caraway	Harrison	Nye	Walcott
Carey	Hatfield	Overton	Walsh
Clark	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	
Coolidge	Johnson	Pope	

The PRESIDING OFFICER. Ninety Senators have answered to their names. The question is on the amendment of the Senator from Arizona [Mr. HAYDEN] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. NORRIS. I ask that the amendment may be stated again.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 5 of the amendment, to strike out lines 24 and 25, down to line 9 on page 6 and to insert in lieu thereof the following:

SEC. 36 (a). The President is authorized, for a period of 6 months from the date of the passage of this act, to accept silver in payment of the whole or any part of the principal or interest now due, or to become due within 6 months after such date, from any foreign government or governments on account of any indebtedness to the United States, such silver to be accepted at not to exceed the price of 50 cents an ounce in United States currency. The aggregate value of the silver accepted under this section shall not exceed \$200,000,000.

Mr. BORAH. Mr. President, as I understand, what we are really voting on is the question of raising the amount of \$100,000,000 to \$200,000,000.

The PRESIDING OFFICER. That is the question. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk called the roll.

Mr. DUFFY. I have a pair with the junior Senator from Maine [Mr. WHITE]. I therefore withhold my vote. If I were at liberty to vote, I should vote "yea."

Mr. METCALF (after having voted in the affirmative). It has just been called to my attention that the Senator from Maryland [Mr. TYDINGS] is absent. I have a general

pair with him. Not knowing how he would vote on this question, I withdraw my vote.

Mr. GEORGE (after having voted in the negative). I have a pair with the senior Senator from Delaware [Mr. HASTINGS]. I am advised that if present he would vote as I have voted. Therefore I will allow my vote to stand.

Mr. LEWIS. I desire to announce that the Senator from Kentucky [Mr. LOGAN] has a general pair on this question with the Senator from Pennsylvania [Mr. DAVIS].

Mr. HEBERT. I desire to announce the general pair of the Senator from Delaware [Mr. TOWNSEND] with the Senator from Tennessee [Mr. McKELLAR].

The result was announced—yeas 53, nays 32, as follows:

YEAS—53

Adams	Clark	La Follette	Reynolds
Ashurst	Connally	Lewis	Robinson, Ark.
Bachman	Coolidge	Loneragan	Sheppard
Bankhead	Costigan	Long	Smith
Barkley	Couzens	McAdoo	Stephens
Black	Cutting	McCarran	Thomas, Okla.
Bone	Dieterich	McGill	Thomas, Utah
Bratton	Dill	Murphy	Vandenberg
Brown	Erickson	Neely	Van Nuys
Bulow	Fletcher	Norbeck	Walcott
Byrd	Harrison	Norris	Wheeler
Byrnes	Hayden	Overton	
Capper	Kendrick	Pittman	
Caraway	King	Pope	

NAYS—32

Austin	Dickinson	Hebert	Robinson, Ind.
Bailey	Fess	Johnson	Russell
Barbour	Frazier	Kean	Schall
Borah	George	Keyes	Shipstead
Bulkeley	Glass	McNary	Steiner
Carey	Goldsborough	Nye	Trammell
Copeland	Hale	Patterson	Wagner
Dale	Hatfield	Reed	Walsh

NOT VOTING—10

Davis	Hastings	Metcalf	Tydings
Duffy	Logan	Townsend	White
Gore	McKellar		

So Mr. HAYDEN's amendment to the amendment of Mr. THOMAS of Oklahoma was agreed to.

Mr. HAYDEN. Mr. President, I now reoffer the perfecting amendment which I withdrew sometime ago in order to straighten out the parliamentary situation.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. The Senator from Arizona offers the following amendment, on page 6, lines 23 and 24, to strike out the words "(d) The President shall cause silver certificates to be issued in denominations of \$1" and to insert in lieu thereof the words "(d) The Secretary of the Treasury shall cause silver certificates to be issued in such denominations as he deems advisable."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NYE. Mr. President, I send an amendment to the desk, which I desire to offer.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. The Senator from North Dakota offers the following amendment: At the proper place to insert the following new section:

SEC. —. (a) Subsection (a) of section 12 of the Revenue Act of 1932 is amended by striking out the last eight paragraphs thereof and inserting in lieu thereof the following:

"\$22,460 upon net incomes of \$100,000; and upon net incomes in excess of \$100,000 and not in excess of \$200,000, 50 percent in addition of such excess.

"\$72,460 upon net incomes of \$200,000; and upon net incomes in excess of \$200,000 and not in excess of \$300,000, 52½ percent in addition of such excess.

"\$124,956 upon net incomes of \$300,000; and upon net incomes in excess of \$300,000 and not in excess of \$400,000, 55 percent in addition of such excess.

"\$179,960 upon net incomes of \$400,000; and upon net incomes in excess of \$400,000 and not in excess of \$500,000, 57½ percent in addition of such excess.

"\$237,460 upon net incomes of \$500,000; and upon net incomes in excess of \$500,000 and not in excess of \$600,000, 60 percent in addition of such excess.

"\$297,460 upon net incomes of \$600,000; and upon net incomes in excess of \$600,000 and not in excess of \$700,000, 62½ percent in addition of such excess.

"\$359,960 upon net incomes of \$700,000; and upon net incomes in excess of \$700,000 and not in excess of \$800,000, 65 percent in addition of such excess.

"\$424,960 upon net incomes of \$800,000; and upon net incomes in excess of \$800,000 and not in excess of \$900,000, 67½ percent in addition of such excess.

"\$492,460 upon net incomes of \$900,000; and upon net incomes in excess of \$900,000 and not in excess of \$1,000,000, 70 percent in addition of such excess.

"\$562,460 upon net incomes of \$1,000,000; and upon net incomes in excess of \$1,000,000, 75 percent in addition of such excess.

"(b) This section shall take effect as of January 1, 1933."

Mr. NYE. Mr. President, the effect of this amendment would be that of increasing the surtax rate on incomes in excess of \$100,000 per annum. The present surtax rate on incomes of \$100,000 is 48 percent, and it is graduated upward to a maximum of 55 percent on net incomes in excess of \$1,000,000.

My amendment would increase this spread from the figures I have just named, 55 percent, to 75 percent, so that the individual with a net income in excess of \$1,000,000 a year instead of being taxed at the rate of 55 percent, as is now the case, would be taxed at the rate of 75 percent.

One of the first effects of the inflationary measure we are about to pass will be to make it possible for those who have bought properties at foreclosure sales to cash in large profits on those purchases. The farmer, for example, who saw his \$20,000 farm sold to satisfy a \$10,000 mortgage, will see that farm sold for \$20,000 by the insurance company, or whoever may be the mortgagee, who bid it in at the foreclosure sale, sold for \$20,000, representing a profit of \$10,000, without any effort, without any contribution to the needs of the day. Why should we not put a tax on so swift a profit—a profit made possible only by the inflation which Congress provides for in this legislation?

No safeguard which Congress can write into an inflation bill can prevent men from making fortunes out of their less fortunate neighbors. The first thing to be observed when it became apparent that Congress would adopt an inflation measure was a wave of speculation and gambling on the stock exchanges. Each day those who have read the financial pages have observed the headlines about "profit taking." We cannot or will not close the exchanges, and we do not seem to be able to stop this gambling. But there is no reason why we should not put a heavy tax upon the gamblers and their excessive profits.

Millions of dollars have been made in gambling in silver on the commodity markets within the last 10 days. Why should we not levy a tax upon the men who make those millions, for they make them not because of their industry or their diligence or their skill but solely because of the legislation which we are about to pass?

This amendment of mine fixes an increased surtax which only falls upon those whose net incomes for the year will exceed \$100,000. Those with smaller incomes will not be touched. Surely those citizens whose incomes exceed \$100,000 cannot object, in times like these, to being asked to pay a higher tax, particularly as the fortunes they pile up in such incomes are made possible not by anything they have done but by what the Nation has done for them.

In times like these the man who has an income in excess of \$100,000 does not create that income; he takes it from those who have less and are caught in the press of unfortunate conditions.

It is highly important that we write this tax into the bill at this time, so that the profiteers who are enriched by our inflation legislation will know in advance what their tax is to be. With 12,000,000 unemployed there will be plenty of employers who will go out and hire men at \$1 or \$2 a day. They will buy our farm products at sacrifice prices. They will add \$1 worth of labor to \$1 worth of our products, and, thanks to the fact that prices will rise before their work has been done, they will sell the result of that operation for 6 or 8 or 10 dollars, or whatever they can get. They should not object if we put a new and heavier tax on incomes that result from such operations.

If such an employer, however, knows that he will have to pay a high tax on the resulting profit, he will be more likely

to pay living wages. For if he is liable to a tax of 85 percent on each additional dollar of his income, even the hardest hearted and most grasping employer will be tempted to raise the wages of his workers.

Mr. President, this inflation will cause a mushroom growth of millionaires, and the next year after they reap the harvest of this unprecedented inflationary plan some Senator will rise here on the floor and say that we should have taxed the excess profits of their market manipulations. It will be too late then. We cannot then make the tax retroactive. The time to do it is now.

Perhaps it is true that a large part, as some say, that 90 percent of the benefits of this inflation will accrue to less than 1 percent of our people. I hope the percentage may be more favorably in the interest of the people. Why should we not put a surtax on all incomes over \$100,000, so that the Government can obtain revenue from these exorbitant profits and abortive fortunes which will be made by means of a bill we are now passing. The excess incomes of smaller industries and businesses of the country up to \$100,000 will not be touched. Surely, when an income exceeds this amount, the Government should receive additional revenue over and above the present surtaxes, which are altogether too lenient, when one considers that millions of families are penniless and farmers are getting so little for their products that they might as well give them away.

The present surtax on net incomes of \$100,000 is 48 percent, and is graduated upward to a maximum of 55 percent on net income in excess of \$1,000,000. To tax the excess profits which will be created by inflation, this surtax should be increased so it will range from 50 percent on incomes of \$100,000 to a maximum of 75 percent on incomes in excess of \$1,000,000.

Mr. President, I hope the amendment which I have offered may prevail.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota to the amendment of the Senator from Oklahoma.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. Does not the amendment affect the revenue?

The VICE PRESIDENT. In the opinion of the Chair, it does; but the custom in the Senate has been for the Chair not to pass on the constitutionality of such matters, but to submit the question to the Senate. In the opinion of the Chair it is a revenue measure.

Mr. HARRISON. Mr. President, may I ask the Senator from North Dakota if he will not withdraw this amendment and allow it to go to the Committee on Finance, which has before it a tax bill which is going to come up here next week? The amendment will be more appropriate to be offered at that time.

Mr. NYE. I am glad to have the assurance which comes from the Senator from Mississippi.

Mr. HARRISON. I do not give any assurance that I will be for it.

Mr. NYE. I understand the Senator to say that there is a tax bill from the House being considered by the Committee on Finance.

Mr. HARRISON. There is a tax measure that passed the House on which the Committee on Finance will have hearings on next Tuesday. We hope to have it reported out soon. I do not want the Senator, however, to draw the inference that I shall support his amendment, because I am very much opposed to it; but I hope, in the interest of expediting the pending measure, and of bringing it to a vote, the Senator will withdraw his amendment and have it referred to the Committee on Finance.

Mr. NYE. First let me ask the Senator a question. Can we, at least, be assured that the proposal will be considered by his committee, if referred to it?

Mr. HARRISON. The Committee on Finance always considers measures referred to it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota to the amendment as submitted by the Senator from Oklahoma [Mr. THOMAS].

Mr. NYE. Mr. President, I am inclined to agree with the thought that is being voiced that the amendment might better find a place on the revenue bill to which the Senator from Mississippi refers, and, in the interest of expediting the passage of the important measure which we now have before us, I shall follow the suggestion made and will withdraw the amendment and will ask that it may be referred to the Committee on Finance, as a proposed amendment to House bill 5040.

The VICE PRESIDENT. Without objection, the amendment to the pending bill is withdrawn and will be considered as having been presented to House bill 5040, and, as such, will be referred to the Committee on Finance.

The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. THOMAS], as amended.

Mr. PITTMAN. Mr. President, I have an amendment here which was presented by the Senator from Maryland [Mr. TYDINGS]. In his absence, and, at his request, I wish to offer it.

The VICE PRESIDENT. The Senator from Nevada offers an amendment, which will be stated.

Mr. COUZENS. Mr. President, I understand the amendment of the Senator from Maryland is to a different portion of the bill.

The VICE PRESIDENT. The Chair understands the amendment of the Senator from Maryland is to the text of the original bill.

Mr. PITTMAN. I will wait, then, Mr. President, until after action on the amendment of the Senator from Oklahoma.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. THOMAS], as amended.

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. DUFFY (when his name was called). I have a general pair with the junior Senator from Maine [Mr. WHITE], and therefore withhold my vote. If permitted to vote, I should vote "yea."

Mr. GEORGE (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. HASTINGS]. If he were present, I understand he would vote "nay." If I were at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. HEBERT. I desire to announce once again that the Senator from Delaware [Mr. TOWNSEND] has a general pair with the Senator from Tennessee [Mr. McKELLAR].

Mr. LEWIS. I wish to announce that the Senator from Oklahoma [Mr. GORE] is necessarily detained from the Senate on official business.

I also desire to announce that the Senator from Kentucky [Mr. LOGAN] has a general pair with the Senator from Pennsylvania [Mr. DAVIS].

Mr. HALE. I wish to announce that my colleague [Mr. WHITE] is necessarily absent. If present, he would vote "nay."

The result was announced—yeas 64, nays 21, as follows:

YEAS—64

Adams	Connally	King	Reynolds
Ashurst	Coolidge	La Follette	Robinson, Ark.
Bachman	Copeland	Lewis	Robinson, Ind.
Bankhead	Costigan	Loneragan	Russell
Barkley	Couzens	Long	Sheppard
Black	Cutting	McAdoo	Shipstead
Bone	Dickinson	McCarran	Smith
Borah	Dieterich	McGill	Steiwer
Bratton	Dill	Murphy	Stephens
Brown	Erickson	Neely	Thomas, Okla.
Bulow	Fletcher	Norbeck	Thomas, Utah
Byrd	Frazier	Norris	Trammell
Byrnes	Harrison	Nye	Van Nuys
Capper	Hayden	Overton	Wagner
Caraway	Johnson	Pittman	Walsh
Clark	Kendrick	Pope	Wheeler

NAYS—21

Austin	Fess	Kean	Schall
Bailey	Glass	Keyes	Vandenberg
Barbour	Goldsborough	McNary	Walcott
Bulkley	Hale	Metcalf	
Carey	Hatfield	Patterson	
Dale	Hebert	Reed	

NOT VOTING—10

Davis	Gore	McKellar	Tydings
Duffy	Hastings	Townsend	White
George	Logan		

So the amendment of Mr. THOMAS of Oklahoma, as amended, was agreed to.

Mr. PITTMAN. I now offer the amendment as presented by the Senator from Maryland [Mr. TYDINGS] the other day and ask to have it read.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 21, line 10, after the word "importation", it is proposed to insert:

Provided, That all taxes collected under this subsection upon articles coming from the possessions of the United States to which this title does not apply shall not be covered into the general fund of the Treasury of the United States but shall be held as a separate fund and paid into the Treasury of the said possessions, respectively, to be used and expended by the governments thereof for the benefit of agriculture.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. PITTMAN] in behalf of the Senator from Maryland [Mr. TYDINGS].

Mr. PITTMAN. Mr. President, I will simply leave this amendment to the Senator from South Carolina [Mr. SMITH], who is in charge of the bill. I may say, however, that unless the amendment shall be adopted there will be a conflict in the bill because of another provision which excludes the Philippine Islands.

Mr. SMITH. Mr. President, the statement of the Senator from Nevada is correct. There is one provision in the bill which excludes the Philippine Islands and another which includes them. This amendment is necessary in order to avoid a conflict.

Mr. ADAMS. Mr. President, I regret to have to disagree with the distinguished Senators who favor this amendment. I can state very briefly the effect of its adoption. It would be to levy a tax upon the American sugar consumer and pay the proceeds of the tax to the Philippine government.

Mr. PITTMAN. We should not impose more taxes on the Philippines if we want to be fair. That is all there is to it.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. I inquire what has become of the motion of the Senator from Texas to reconsider the vote on an amendment which has been put in the bill?

The VICE PRESIDENT. It is still pending.

Mr. CLARK. May I ask the Senator from Texas whether he intends to call up that motion?

Mr. CONNALLY. I will say to the Senator from Missouri that, on account of the necessity for haste and the desire to finish the bill tonight, the Senator from Texas has concluded not to press the motion to reconsider, trusting to the wisdom and patriotism of the conferees to take care of the matter by eliminating it.

The VICE PRESIDENT. The Senator from Texas withdraws his motion to reconsider.

Mr. CLARK. Mr. President, is the Senator entitled to withdraw the motion to reconsider; and, if so, is not another Senator entitled to make it?

The VICE PRESIDENT. The Senator from Texas can have leave of the Senate to withdraw it.

Mr. PITTMAN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. PITTMAN. Is there not an amendment pending?

The VICE PRESIDENT. There is an amendment pending. The question is on agreeing to the amendment offered by the Senator from Nevada in behalf of the Senator from Maryland.

The amendment was agreed to.

Mr. ADAMS. I ask for a division, Mr. President.

The VICE PRESIDENT. The amendment has been agreed to.

Mr. NORBECK. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Senator from South Dakota offers an amendment, which will be read.

The CHIEF CLERK. At the end of title I, it is proposed to insert the following:

SEC. —. (a) Whenever the President shall deem it expedient or necessary to carry out any of the purposes or provisions of this act he is hereby authorized and empowered to cause the Secretary of Agriculture, or such other agency as he may designate, to receive and receipt for all that portion of the commodities included in this act which may be set aside for export, as herein provided, and all processors and buyers from farmers are hereby required to deliver said receipts to the farmer selling such commodities and deliver said exportable portion thereof to the agency designated by the President under such rules and regulations as the Secretary of Agriculture may prescribe.

(b) The Secretary of Agriculture is authorized and directed to provide storage and all other facilities for handling and exporting said surplus, and shall cause the same to be marketed at the best prices obtainable in the foreign markets.

(c) After marketing the same the Secretary of Agriculture shall redeem the said receipts issued to the farmers for said surplus percentages at the net amount realized from each commodity and grade averaged for the season. The said receipts shall be transferable and may be presented to any post office for redemption.

(d) Any failure or refusal of any processor, buyer, or farmer to comply herewith shall be a misdemeanor and punished by a fine not exceeding \$1,000 or imprisonment for not more than 1 year, or both, and any person falsifying any of said receipts shall be deemed guilty of a felony and shall be punished by a fine not exceeding \$5,000 or imprisoned not more than 10 years, or both.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from North Carolina.

Mr. WALSH. Mr. President, may we have an explanation of the amendment?

Mr. NORBECK. The amendment gives one more optional power to the President in connection with the agricultural part of the bill. In other words, it gives him the right to segregate the surplus if he sees fit. The necessity for it is that we have delayed action on the bill so long that it is hardly effective on this year's crop. With this provision it could be made so effective. There is nothing mandatory in the bill. I do not see why anyone should object to it.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from South Dakota.

The amendment was rejected.

Mr. WALCOTT. Mr. President, I have an amendment, which I send to the desk and offer at this time.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Connecticut proposes, in part II, commodity benefits, section 8, subsection 3, line 2, page 12, after the word "any", to strike out the word "basic", so as to make the line read:

Or any agricultural commodity or product thereof.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Connecticut.

The amendment was rejected.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. The Senator from Texas having failed to call up his motion to reconsider the vote by which sugar was put in the bill, is it in order for another Senator to call it up?

The VICE PRESIDENT. There are four motions to reconsider which must be disposed of by the Senate in order to get the bill finally disposed of. The Chair will lay them before the Senate as soon as the amendments are completed.

Mr. CAREY. Mr. President, I have an amendment in the nature of a substitute which I desire to offer.

Mr. SMITH. Mr. President, will the Senator permit me first to offer an amendment?

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from South Carolina?

Mr. CAREY. I yield.

Mr. SMITH. I offer an amendment to section 1, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.
The LEGISLATIVE CLERK. The Senator from South Carolina proposes:

On page 6, after line 4, to insert a new subsection, as follows:
"(d) If any cotton held by the Secretary of Agriculture is not disposed of under subsection (c), the Secretary is authorized to enter into similar option contracts with respect to such cotton conditioned upon a reduction of production in 1934 and permitting the producer in each case to exercise his option at any time up to January 1, 1935."

On page 6, line 8, strike out the figures "1935" and insert in lieu thereof "1936."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Wyoming yield to me to ask an arrangement by which sundry minor but perfecting amendments may be considered in connection with the Wagner amendment? These are amendments merely intended to make corrections in the text. They are not of substantial importance. There are several of them. I understand the Senator's amendment is an important amendment in the nature of a substitute and may take some time.

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from Arkansas?

Mr. CAREY. I yield for that purpose.

Mr. ROBINSON of Arkansas. Mr. President, I ask for consideration of the amendments. With the exception of one, they are mere corrections either of numbers or of minor errors in the text. The one referred to merely transposes a paragraph to its proper place on a different page.

The VICE PRESIDENT. The amendments submitted by the Senator from Arkansas will be read for the information of the Senate.

The CHIEF CLERK. The Senator from Arkansas proposes the following amendments:

On page 12, line 10, strike out "seventh" and insert in lieu thereof "eighth."

Transpose the matter in italics, on page 26, lines 7 to 15, to page 25 as a new paragraph after the period in line 15, and before the matter in italics.

Strike out the matter in italics on page 25, line 15, "that the Reconstruction Finance Corporation, upon" and insert "the Reconstruction Finance Corporation, upon."

On page 27, between lines 12 and 13, insert a center heading in capitals and small capitals "Part 7—Miscellaneous."

On page 28, between lines 5 and 6, insert a center heading in small capitals "National Board of Conciliation."

On page 29, between lines 12 and 13, insert a center heading in small capitals, "Loans to Fruit Growers."

Page 29, line 21, to strike out "7" and insert "8."

On page 12, line 10, to strike out "27a" and insert in lieu thereof "28"; renumber the succeeding sections; and on page 16, line 14, strike out "29" and in lieu thereof to insert "30."

The VICE PRESIDENT. The question is on agreeing to the amendments of the Senator from Arkansas.

The amendments were agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I thank the Senator from Wyoming.

Mr. STEPHENS. Mr. President, I understand the Senator from Wyoming is about to offer a substitute. Before that is done I should like to offer an amendment which will take only a moment. Will the Senator yield?

Mr. CAREY. I yield for that purpose.

Mr. STEPHENS. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from Mississippi proposes, on page 7, line 6, after the word "any", to insert the word "basic", so as to read:

(2) To enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any basic agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Mississippi.

The amendment was agreed to.

Mr. CAREY. Mr. President, the amendment which I am about to offer is in the nature of a substitute. It contains

some 30 pages. I ask unanimous consent that the reading of the amendment be waived, that it be printed in the RECORD following my remarks, and that I be given an opportunity to explain it. I think it will take less time of the Senate if I may be given this permission.

The VICE PRESIDENT. The Senator from Wyoming asks unanimous consent that the amendment be not read, but printed in the RECORD, and that he have an opportunity to explain it. Is there objection? The Chair hears none, and the Senator from Wyoming is recognized for that purpose.

Mr. CAREY. Mr. President, I realize the hour is late, and I have no desire to keep the Senate much longer. I merely desire to make a brief explanation of my amendment.

The amendment which I have offered to the pending measure, while in the nature of a substitute, does not seek to amend title 2, covering "Agricultural credits", as the same was reported by the Senate Committee on Banking and Currency.

The amendment also contains part 1 of title 1, relating to cotton-option contracts, but substitutes new matter for part 2, "Commodity benefits", and part 3, "Costs of production", of title 1. It eliminates part 2 of section 34 and section 36, the Thomas amendment.

The amendment to title 1 authorizes and directs the Secretary of Agriculture to lease farm land not to exceed 50,000,000 acres, which land had been planted to cotton, corn, wheat, and other cereals during the year 1932, and to enter into agreements with the owners of these lands to not plant such crops on the lands leased during the years 1933 and 1934.

No land except tilled acreage on any farm would be leased, and the terms of the lease would require that no part of such farms would be planted to the crops mentioned, and that the lessor would not engage in the production of the specified crops on other lands. The lessor would be permitted to occupy the buildings on his farm, to grow garden crops for family use, and to produce crops other than cotton, corn, wheat, and other cereals.

The amendment authorizes the Secretary of Agriculture to solicit offers of leases and to accept offers of the lowest bidders. It can be expected that those farmers whose losses have been the greatest will offer their lands upon the lowest terms. It is true that the lands leased probably would be submarginal land, but this will help the farmer who owns more productive land and who produces his crops at a lower cost. The elimination of price-breaking surpluses should guarantee to him a fair income for what he produces.

There is naturally some question as to whether the leasing of 50 million acres of land is sufficient to accomplish the purpose of taking care of agricultural surpluses. The total area in crops in the United States is approximately 360 million acres. Under the proposed plan the leasing of 50 million acres would mean the retirement of about 14 percent of the total. While the amount of land to be leased covering each particular crop is not specified, if, in the administration of this act, the Secretary of Agriculture should lease 15 million acres of land heretofore planted to each of the three crops—cotton, wheat, and corn—the percentage retired from cotton production would be approximately 30 percent, from wheat 25 percent, and corn 15 percent.

It is my belief that the benefits would not be confined to the crops mentioned, but by cutting the acreage of corn and cereals benefits would accrue to the livestock producer, as higher prices for livestock, hogs, cattle, and sheep usually follow higher prices for corn. The same is also true of milk and dairy products, as the dairy industry consumes cereals—the price of milk and dairy products increasing with the price of these cereals.

A provision in the lease that the lessor will not engage in the production of cotton or cereals on other lands will retire all lands of the lessors from the production of these crops. It will reduce the possibility of substitution of other acreage for lands leased and will prevent a farmer

from withdrawing certain of his lands and substituting others for production of these crops.

Consequently this plan will not require a large army to administer it. The administration plan would require the policing of farms of some 6,500,000 farmers, provided they all expected to benefit by the act. To retire from production 25 percent of a farmer's land reduces the volume of his production without properly reducing his taxes, interest, overhead, and living costs. Thus, in part at least, the benefits which he might receive for a higher price for a portion of his crops would be lost. A plan is much more easily administered which will retire from production of specified crops all the lands of some farmers than to attempt to retire part of the lands of all the farmers.

The amendment as printed provides for a manufacturers' tax of 2 percent on cereals and cotton after they are processed, which is an error in drafting, as the amount of the tax which would be necessary to reimburse the Treasury for advances made is 10 percent rather than 2 percent. This tax is a definite one, being 10 percent of the value of the product, while in the so-called "administration bill" the tax would vary from day to day with the change in prices, and in some instances would amount to 400 percent.

The provision in the administration measure for the levying of taxes on the processor is such that he would not dare to either accept orders or buy any large amount of raw materials for processing for fear of a change of prices through a change in tax rates. Consequently the farmer could only sell his products in small quantity to meet the processor's demand.

The amount of sales taxes to be levied upon the consumer of food and clothing—and at a time when many are starving—will amount to from eight hundred million to two billion dollars per year; while I believe the total amount of taxes, if this amendment is adopted, will not exceed \$100,000,000.

Title 1 of the administration bill gives greater powers to the Secretary of Agriculture than should be given to anyone in an administrative position. Through the licensing provision of the bill, it would be possible for the Secretary to become an absolute dictator over all who are engaged in either the production or the processing of agricultural commodities. He could make rules and regulations both as to the amount and the commodity which the processor might process and regulate their distribution and sales. For the smallest infraction of these rules and regulations the processor could be put out of business.

It has been stated repeatedly in the discussion of the bill that no farmer would be compelled to share in its provisions. While I have no doubt that those who made this statement made it in good faith, I feel that as a practical proposition the business of every farmer would be dominated by the Department of Agriculture. No farmer could sell his products so that they would be exempt from a tax, even if he did not profit by the tax. There would be no free and open market for farm products; and the Secretary, through his taxing and licensing power, could not only limit the production of any processor but could fix and determine his markets and through the processor dominate the producer. The farmer who did not submit to the domination of the Department of Agriculture would have little opportunity to dispose of his crops.

When this measure was first submitted to the Senate Committee on Agriculture and Forestry, it was stated by a prominent member of that committee that the bill should be called a "patronage measure" rather than a bill "for the relief of agriculture." No one has yet stated the number of employees that will be necessary to administer this act. There has been no bill before Congress at this session which will do more to relieve unemployment—not to mention the fulfillment of campaign promises to the faithful.

If this bill becomes a law, we will have a new bootlegger—the bootlegger of agricultural products. By repealing the eighteenth amendment we hope to get rid of vendors of illicit liquor and to reduce our prison population. If this act becomes a law, we will still need our penitentiaries, and the

Prohibition Enforcement Bureau should be transferred to the Department of Agriculture. Only by an agency of this kind can the fear of God be put in the American farmer so he can be made to obey the rules and regulations of the Department of Agriculture.

The American people are tired of governmental spies and agents—they hate bureaucracy—yet we are establishing the greatest army of "snoopers" in the history of the Nation.

Lastly, we must consider the administration of this act should it become a law. Naturally the Secretary of Agriculture must delegate his authority to others, so it is necessary to consider who will be his assistants. First there is Mordecai Ezekiel. This measure is largely his "brain storm." Mr. Ezekiel is a statistician who has become an agricultural economist and now holds the position of economic advisor to the Secretary. Next we have Prof. "Rexall" Tugwell, until recently a professor of political economy at Columbia University—"a subway farmer"—as Assistant Secretary of Agriculture. Both of these gentlemen have made extended visits to Russia, where they have studied Russian agriculture. No two men should be better qualified to adapt Russian methods to American agriculture than these two gentlemen. If it should develop that the job was too big for them, it would be possible to either get additional professors from Columbia University, or, if necessary, some Russian brothers could be imported who have a more practical knowledge of Russian methods.

I am in favor of any and all measures which I believe will help the farmer, and will vote for them. I am not opposed to this bill because it is a Democratic measure; as I have stated before, I feel that title 3, relating to farm mortgages, if sympathetically administered, will be of the greatest benefit to the American farmer. As to the balance of the bill, except the "cotton option plan", I believe it will harm the producers, that it is impractical, and I am fearful of its administration.

The plan which I am proposing is easily administered, does not place a heavy burden upon the consumer, and will increase the price of agricultural commodities. It is my hope that the amendment as offered, if enacted into law, will provide a method through the retirement of acreage whereby production can be diminished until the huge carry-overs are consumed and the supply balanced to market demand. By the leasing of lands the farmer is left on his farm, in possession of his home, and with the means of producing food for his family use. His operations in livestock will not be disturbed, and ruinous losses through overproduction will be reduced through rentals, which will be substituted to those farmers who reduce their tilled acreage.

Mr. President, I am not going to take any further time of the Senate, as I realize the Senators are anxious to get through with the bill. I ask that the amendment may be printed at this point following my remarks.

The VICE PRESIDENT. That order has already been made.

The amendment of the Senator from Wyoming [Mr. CAREY], in the nature of a substitute, is as follows:

Strike out all after the enacting clause and insert:

"TITLE I. AGRICULTURAL ADJUSTMENT

"DECLARATION OF POLICY

"That (a) it is hereby declared that the depression in prices for agricultural commodities and the disparity between the prices of agricultural and other commodities have created conditions which affect sales of agricultural products with a national interest, which burden and obstruct the normal flow of commerce, and which render imperative the enactment of title I of this act for the relief of a national economic emergency.

"(b) It is hereby declared to be the policy of the Congress (1) to encourage and to assist agricultural readjustment and planning, and to aid in balancing agricultural production to market demand, and thereby restoring the parity between agriculture and other industries, and (2) to secure to the producers of agricultural commodities for that part of the domestic production of such commodities that will be needed for domestic consumption a price at least equal to the average domestic cost of production for such commodities.

"Part 1. Land-rental plan

"Sec. 2. The Secretary of Agriculture is hereby authorized and directed to acquire by lease or contract not to exceed 50,000,000 acres of land in the United States which were during the crop

season of 1932 planted to cotton or wheat, corn, or other cereals, or which were fallowed during the summer and fall of 1932 for planting to such crops in 1933.

"Sec. 3. (a) The general purpose of part 1 of this title shall be the balancing of agricultural production to the market demands by withdrawing the lands leased hereunder from the production of the above commodities. The terms and conditions of such leases and contracts shall be fixed by the Secretary of Agriculture, but no lease or contract shall be for a period longer than 2 years.

"(b) The Secretary of Agriculture under this act is authorized to lease or contract for only the tilled land of any farm, and shall require that, during the term of the lease or contract, the lessor will not increase his acreage of other lands planted to said crops; but the lessor, with the approval of the Secretary of Agriculture, may use the buildings and improvements on land so leased, and may produce thereon crops other than cotton or wheat, corn, or other cereal.

"(c) Sufficient acreage upon which to grow garden crops for family use shall be allowed the lessor of any lands.

"Sec. 4. The Secretary of Agriculture shall, in such manner as he shall determine, proceed immediately to solicit the offer of leases for any such lands by the owners thereof, and shall, within 30 days after the enactment of this act, begin to lease the same upon the best terms obtainable, up to a maximum of 50,000,000 acres.

"Sec. 5. (a) In addition to any other tax or duty imposed by law there is hereby imposed a tax of 10 percent of the sale price on the sale of every article manufactured wholly or in chief value from cotton or cereals and sold in the United States by the manufacturer or importer thereof.

"(b) Such tax shall take effect on the day following the date of enactment of this act, and shall continue in force until the 1st day of June 1935.

"Sec. 6. (a) The taxes provided in this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury. Such taxes shall be paid into the Treasury of the United States.

"(b) All provisions of law, including penalties, applicable with respect to the taxes imposed by title IV of the Revenue Act of 1932, shall, insofar as applicable and not inconsistent with the provisions of this title, be applicable in respect of taxes imposed by this title: *Provided*, That the Secretary of the Treasury is authorized to permit postponement, for a period not exceeding 60 days, of the payment of taxes covered by any return.

"(c) If (1) any person has, prior to the date the tax under this title takes effect, made a bona-fide contract for the sale, after the tax takes effect, of any article in respect of the sale of which a tax is imposed under this title, or in respect of which a tax is imposed under this subsection, and (2) such contract does not permit the adding to the amount to be paid under such contract, of the whole of such tax, then (unless the contract prohibits such addition) the vendee shall, in lieu of the vendor, pay so much of the tax as is not so permitted to be added to the contract price. If a contract of the character above described was made with the United States or with any person other than a dealer, no tax shall be collected under this title. The taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated, and shall be collected, returned, and paid to the United States by such vendor. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner, who shall cause collection of such taxes to be made from the vendee.

"Sec. 7. There is hereby authorized to be appropriated from the proceeds of the taxes imposed under this title such sums as may be necessary for the purposes of this title, and the Secretary of the Treasury is hereby authorized to advance, out of any money in the Treasury not otherwise appropriated, to the Secretary of Agriculture such sums, not exceeding \$150,000,000, as may be necessary for the payment of rentals upon lands leased under the provisions of part 1 of this title and administrative expenses in connection therewith. The amount of any such advance shall be deducted from such funds as subsequently become available under this subsection.

"Sec. 8. (a) The Secretary of Agriculture is hereby authorized to make and promulgate and enforce such rules and regulations for the carrying out of the purposes and intent of part 1 of this title as may be deemed necessary.

"(b) The Secretary of Agriculture is hereby authorized to appoint and fix the compensation of such personnel as may be necessary to carry out the terms and provisions of part 1 of this title, and is hereby authorized, subject to the approval of the President, to use any agencies and personnel of the Government that may be necessary in carrying out the same: *Provided*, That when any existing agency or personnel of the Government is used, no additional compensation shall be paid therefor.

"Sec. 9. Any person who shall knowingly make any material false representation for the purpose of making a lease, or of obtaining any benefit under part 1 of this title, shall, upon conviction thereof, be punished by a fine of not exceeding \$1,000 or by imprisonment not exceeding 6 months, or both.

"Part 2. Cotton-option contracts

"Sec. 10. The Federal Farm Board and all departments and other agencies of the Government are hereby directed—

"(a) To sell to the Secretary of Agriculture at such price as may be agreed upon, not in excess of the market price, all cotton now owned by them.

"(b) To take such action and to make such settlements as are necessary in order to acquire full legal title to all cotton on which money has been loaned or advanced by any department or agency of the United States or held as collateral for loans or advances and to make final settlement of such loans and advances. In making such settlements the cotton shall be taken over at prices equal to the amounts loaned or advanced, directly or indirectly, plus the carrying charges and operating costs thereon. The Department or other agency shall sell this cotton also to the Secretary in the same manner as is provided in the preceding paragraph hereof.

"The Secretary of Agriculture is hereby authorized to purchase the cotton specified in paragraphs (a) and (b).

"Sec. 11. The Secretary of Agriculture shall have authority to borrow money upon all cotton in his possession or control and deposit as collateral for such loans the warehouse receipts for such cotton.

"Sec. 12. The Reconstruction Finance Corporation is hereby authorized and directed to advance money and to make loans to the Secretary of Agriculture to acquire such cotton and to pay the carrying costs thereon, in such amounts and upon such terms as may be agreed upon by the Secretary and the Reconstruction Finance Corporation, with such warehouse receipts as collateral security.

"Sec. 13. (a) The Secretary of Agriculture is hereby authorized to enter into contracts with the producers of cotton to sell to any such producer an amount of cotton equivalent in amount to the amount of reduction in production of cotton by such producer below the amount produced by him in the preceding crop year, in all cases where such producer agrees in writing to reduce the amount of cotton produced by him in 1933, below his production in the previous year, by not less than 30 percent, without increase in commercial fertilization per acre.

"(b) To any such producer so agreeing to reduce production the Secretary of Agriculture shall deliver a non-transferable-option contract agreeing to sell to said producer an amount, equivalent to the amount of his agreed reduction, of the cotton in the possession and control of the Secretary.

"(c) The producer is to have the option to buy said cotton at the average price paid by the Secretary for the cotton procured under section 10, and is to have the right at any time up to January 1, 1934, to exercise his option, upon proof that he has complied with his contract and with all the rules and regulations of the Secretary of Agriculture with respect thereto, by taking said cotton upon payment by him of his option price and all actual carrying charges on such cotton; or the Secretary may sell such cotton for the account of such producer, paying him the excess of the market price at the date of sale over the average price above referred to after deducting all actual and necessary carrying charges: *Provided*, That in no event shall the producer be held responsible or liable for financial loss incurred in the holding of such cotton or on account of the carrying charges therein: *Provided further*, That such agreement to curtail cotton production shall contain a further provision that such cotton producer shall not use the land taken out of cotton production for the production for sale, directly or indirectly, of any other nationally produced agricultural commodity or product.

"Sec. 14. The Secretary shall sell the cotton held by him at his discretion, but subject to the foregoing provisions: *Provided*, That he shall dispose of all cotton held by him by March 1, 1935: *Provided further*, That he is authorized to sell unlimited amounts at any time a price equivalent to not less than 10 cents, basis middling, $\frac{3}{8}$ -inch staple, at the ports can be procured.

"TITLE II—AGRICULTURAL CREDITS

"Part 1. Amendments to Federal Farm Loan Act

"ISSUANCE OF BONDS BY LAND BANKS

"Sec. 15. Section 32 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 991), is amended by adding at the end thereof the following new paragraph:

"Until such time as the Farm Loan Commissioner determines that Federal farm-loan bonds (other than those issued under this paragraph) are readily salable in the open market at a yield not in excess of 4 percent per annum, but in no case more than 2 years after this paragraph takes effect, Federal land banks may issue farm-loan bonds as authorized under this act, for the purpose of making new loans, or for purchasing mortgages or exchanging bonds for mortgages as provided in paragraph "Second" of section 13 of this act. The aggregate amount of the bonds issued under this paragraph shall not exceed \$2,000,000,000, and such bonds shall be issued in such denominations as the Farm Loan Commissioner shall prescribe, shall bear interest at a rate not in excess of 4 percent per annum, and shall be fully and unconditionally guaranteed as to interest by the United States, and such guaranty shall be expressed on the face thereof. In the event that the issuing bank or banks shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the issuing bank or banks and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. After the expiration of 1 year from the date this paragraph takes effect, if in the opinion of the Farm Loan Commissioner any part of the proceeds of the bonds authorized to be issued under this paragraph

is not required for the purpose of making new loans or for purchasing mortgages or exchanging bonds for mortgages as herein provided, such bonds may be issued within the maximum limit herein specified for the purpose of refinancing any outstanding issues of Federal farm loan bonds; but no such bonds shall be issued after 2 years from the date this paragraph takes effect for the purpose of such refinancing.

"PURCHASE, REDUCTION, AND REFINANCING OF FARM MORTGAGES"

"SEC. 16. Paragraph 'Second' of section 13 of the Federal Farm Loan Act, as amended, is amended to read as follows:

"'Second. In order to reduce and/or refinance farm mortgages, to invest such funds as may be in its possession in the purchase of qualified first mortgages on farm lands situated within the Federal land-bank district within which it is organized or for which it is acting, or to exchange farm-loan bonds for any duly recorded first mortgages on farm lands executed prior to the date this paragraph, as amended, takes effect, at a price which shall not exceed in each individual case the amount of the unpaid principal of the mortgage on the date of such purchase or exchange, or 50 percent of the value of the land mortgaged and 20 percent of the value of the permanent insured improvements thereon as determined upon an appraisal made pursuant to this act, whichever is the smaller: *Provided*, That any mortgagor whose mortgage is acquired by a Federal land bank under this paragraph shall be entitled to have his farm-mortgage indebtedness refinanced in accordance with the provisions of sections 7 and 8 of this act on the basis of the amount paid by the bank for his mortgage.'

"EXTENSION OF LOANS"

"SEC. 17. Paragraph 'Tenth' of section 13 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 781), is amended by adding at the end thereof the following: 'The terms of any such extension shall be such as will not defer the collection of any obligation due by any borrower which, after investigation by the bank of the situation of such borrower, is shown to be within his capacity to meet. In the case of any such extension made prior to the expiration of 5 years from the date this paragraph, as amended, takes effect, or in the case of any deferment of principal as provided in paragraph "Twelfth" of section 12 of this act, it shall be the duty of the Secretary of the Treasury, on behalf of the United States, upon the request of the Federal land bank making the extension, and with the approval of the Farm Loan Commissioner, to subscribe at such periods as the Commissioner shall determine, to the paid-in surplus of such bank an amount equal to the amount of all such extensions and deferments made by the bank during the preceding period. Such subscriptions shall be subject to call, in whole or in part, by the bank with the approval of the Commissioner upon 30 days' notice. To enable the Secretary of the Treasury to make such subscriptions to the paid-in surplus of the Federal land banks, there is hereby authorized to be appropriated the sum of \$50,000,000, to be immediately available and remain available until expended. Upon payment to any Federal land bank of the amount of any such subscription, such bank shall execute and deliver a receipt therefor to the Secretary of the Treasury in form to be prescribed by the Farm Loan Commissioner. The amount of any subscriptions to the paid-in surplus of any such bank may be repaid in whole or in part at any time in the discretion of the bank and with the approval of the Farm Loan Commissioner, and the Commissioner may at any time require such subscriptions to be repaid in whole or in part if in his opinion the bank has resources available therefor.'

"REDUCTION OF INTEREST ON LOANS AND DEFERMENT OF PRINCIPAL"

"SEC. 18. Section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, secs. 771-772), is amended by adding at the end thereof the following new paragraph:

"'Twelfth. Notwithstanding the provisions of paragraph "Second", the rate of interest on any loans on mortgages made through national farm-loan associations by any Federal land bank, outstanding on the date this paragraph takes effect or made within 2 years after such date, shall not exceed 4½ percent per annum for all interest payable on installment dates occurring within a period of 5 years commencing 60 days after the date this paragraph takes effect; and no payment of the principal portion of any installment of any such loan shall be required during such 5-year period if the borrower shall not be in default with respect to any other condition or covenant of his mortgage. The Secretary of the Treasury shall pay each Federal land bank, as soon as practicable after October 1, 1933, and after the end of each quarter thereafter, such amount as the Farm Loan Commissioner certifies to the Secretary of the Treasury is equal to the amount by which interest payments on mortgages held by such bank have been reduced, during the preceding quarter, by reason of this paragraph; but in any case in which the Farm Loan Commissioner finds that the amount of interest payable by such bank during any quarter has been reduced by reason of the refinancing of bonds under section 32 of this act, the amount of the reduction so found shall be deducted from the amount payable to such bank under this paragraph. No payments shall be made to a bank with respect to any period after June 30, 1933. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$15,000,000 for the purpose of enabling the Secretary of the Treasury to make payments to Federal land banks which accrue during the fiscal year ending June 30, 1934, and such additional amounts as may be necessary to make payments accruing during subsequent fiscal years.'

"INCREASE OF AMOUNT OF LOANS TO BORROWERS"

"SEC. 19. Paragraph 'Seventh' of section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 771) (relating to the limitations as to amount of loans), is amended by striking out '\$25,000' and inserting '\$50,000, but loans to any one borrower shall not exceed \$25,000 unless approved by the Farm Loan Commissioner.'

"DIRECT LOANS"

"SEC. 20. Section 7 of the Federal Farm Loan Act, as amended, is amended by striking out the last paragraph and inserting in lieu thereof the following new paragraphs:

"'Whenever it shall appear to the Farm Loan Commissioner that national farm-loan associations have not been formed in any locality in the continental United States, or that the farmers residing in the territory covered by the charter of a national farm-loan association are unable to apply to the Federal land bank of the district for loans on account of the inability of the bank to accept applications from such association, the Farm Loan Commissioner may, in his discretion, authorize said bank to make direct loans to borrowers secured by first mortgages on farm lands situated within any such locality or territory. Except as herein otherwise specifically provided, all provisions of this act applicable with respect to loans made through national farm-loan associations shall, insofar as practicable, apply with respect to such direct loans, and the Farm Loan Commissioner is authorized to make such rules and regulations as he may deem necessary with respect to such direct loans.

"'The rate of interest on such direct loans made at any time by any Federal land bank shall be one half of 1 percent per annum in excess of the rate of interest charged to borrowers on mortgage loans made at such time by the bank through national farm-loan associations.

"'Each borrower who obtains a direct loan from a Federal land bank shall subscribe and pay for stock in such bank in the sum of \$5 for each \$100 or fraction thereof borrowed. Such stock shall be held by such Federal land bank as collateral security for the loan of the borrower and shall participate in all dividends. Upon full payment of the loan such stock shall, if still outstanding, be canceled at par, or, in the event that such stock shall have become impaired, at the estimated value thereof as approved by the Farm Loan Commissioner, and the proceeds thereof shall be paid to the borrower.

"'Each such borrower shall covenant in his mortgage that, whenever there are 10 or more borrowers who have obtained from a Federal land bank direct loans under the provisions of this section aggregating not less than \$20,000, and who reside in a locality which may, in the opinion of the Farm Loan Commissioner, be conveniently covered by the charter of and served by a national farm-loan association, he will unite with such other borrowers to form a national farm-loan association. Such borrowers shall organize the association subject to the requirements and the conditions specified in this section, so far as the same may be applicable, and in accordance with rules and regulations of the Farm Loan Commissioner. As soon as the organization of the association has been approved by the Farm Loan Commissioner, the stock in the Federal land bank held by each of the members of such association shall be canceled at par, and in lieu thereof the bank shall issue in the name of the association an equal amount of stock in said bank, which stock shall be held by said bank as collateral security as provided in this section with respect to other loans through national farm-loan associations. Thereupon there shall be issued to each such member an amount of capital stock in the association equal to the amount which he previously held in said bank, which stock shall be held by said association as collateral security as provided in section 8 of this act. The board of directors of said association shall adopt a resolution authorizing and directing its secretary-treasurer on behalf of said association to endorse, and thereby become liable for the payment of, the mortgages taken from its charter members by the Federal land bank. When it shall appear to the satisfaction of the Farm Loan Commissioner that all the foregoing conditions have been complied with, and upon the granting of the charter by the Farm Loan Commissioner, the interest rate paid by each charter member of such association whose loan is in good standing shall, beginning with his next regular installment date, be reduced to the rate of interest paid by borrowers on new loans made through national farm-loan associations in the same Federal land bank district at the time the said loan was made to such charter member.

"'Charges to be paid by applicants for direct loans from a Federal land bank shall not exceed amounts to be fixed by the Farm Loan Commissioner and shall in no case exceed the charges which may be made to applicants for loans and borrowers through national farm-loan associations under the provisions of sections 11 and 13 of this act.'

"LOANS TO RECEIVERS"

"SEC. 21. Any receiver appointed by the Federal Farm Loan Board pursuant to section 29 of the Federal Farm Loan Act, as amended, is authorized, for the purpose of paying taxes on farm real estate owned by the bank or securing the mortgages held by it, with the approval of the Farm Loan Commissioner, to borrow from the Reconstruction Finance Corporation and to issue receiver's certificates against the assets of such bank as security for any loan received from the corporation under this section,

and such certificates shall constitute a prior lien on such assets. The Reconstruction Finance Corporation is authorized to make loans to such receivers for the purposes of this section.

"Part 2. Joint-stock land banks"

"LIMITATIONS ON ISSUE OF BONDS AND LENDING"

"Sec. 22. After the date of enactment of this act no joint-stock land bank shall issue any tax-exempt bonds or make any farm loans except such as are necessary and incidental to the refinancing of existing loans or bond issues or to the sale of any real estate now owned or hereafter acquired by such bank.

"LOANS TO JOINT-STOCK LAND BANKS TO PROVIDE FOR ORDERLY LIQUIDATION"

"Sec. 23. (a) The Reconstruction Finance Corporation is authorized and directed to make available to the Farm Loan Commissioner, out of the funds of the Corporation, the sum of \$100,000,000, to be used for a period not exceeding 2 years from the date of enactment of this act for the purpose of making loans to the joint-stock land banks organized and doing business under the Federal Farm Loan Act, as amended, at a rate of interest not to exceed 4 percent per annum, payable annually. Such loans shall be made upon application therefor by such banks and upon compliance with the requirements of this section. The amount which may be loaned hereunder to any such bank shall not exceed an amount having the same proportion to the said \$100,000,000 as the unpaid principal of the mortgages held by such bank on the date of enactment of this act bears to the total amount of the unpaid principal of the mortgages held by all the joint-stock land banks on such date.

"(b) Any joint-stock land bank applying for a loan under this section shall deliver to the Farm Loan Commissioner as collateral security therefor first mortgages or purchase-money mortgages on farm lands, first mortgages on farm real estate owned by the bank in fee simple, or such other collateral as may be available to said bank, including sales contracts and sheriff's certificates on farm lands. The real estate upon which such collateral is based shall be appraised by appraisers appointed under the Federal Farm Loan Act, as amended, and the borrowing bank shall be entitled to borrow not to exceed 60 percent of the value of such real estate as determined by such appraisal. Fees for such appraisals shall be paid by the applicant banks in such amounts as may be fixed by the Farm Loan Commissioner. No such loan shall be made until the applicant bank, under regulations to be prescribed by the Farm Loan Commissioner, (1) shall have agreed to grant to each borrower then indebted to the bank under the terms of a first mortgage a reduction to 5 percent per annum in the rate of interest specified in such mortgage, beginning at his next regular installment date occurring more than 60 days after the date of enactment of this act, and (2) shall have agreed to the satisfaction of the Commissioner that during a period of 2 years from the date of enactment of this act the bank will not proceed against the mortgagor on account of default in the payment of interest or principal due under the terms of its mortgage and will not foreclose its mortgage unless the property covered by such mortgage is abandoned by the mortgagor or unless, in the opinion of the Commissioner, such foreclosure is necessary for other reasons.

"LOANS BY RECONSTRUCTION FINANCE CORPORATION TO JOINT-STOCK LAND BANKS FOR EMERGENCY PURPOSES"

"Sec. 24. (a) In addition to loans authorized to be made to joint-stock land banks as provided in section 23 of this act and as provided in section 5 of the Reconstruction Finance Corporation Act, as amended, the Reconstruction Finance Corporation is further authorized and empowered to make loans, at a rate of interest not to exceed 4 percent per annum, to any joint-stock land bank for the purpose of securing the postponement for 2 years from the date of the enactment of this act of the foreclosure of first mortgages held by such banks on account of (1) default in the payment of interest and principal due under the terms of the mortgage, and (2) unpaid delinquent taxes, excluding interest and penalties, which may be secured by the lien of said mortgage: *Provided*, That during the period of postponement of foreclosure such bank shall charge the mortgagor interest at a rate not exceeding 4 percent per annum on the aggregate amount of such delinquent taxes and defaulted interest and principal with respect to which loans are made pursuant to this section. The amount loaned to any joint-stock land bank under this section shall be made without reappraisal: *Provided*, That the amount loaned with respect to any mortgage on account of unpaid principal shall not exceed 5 percent of the total unpaid principal of such mortgage, and the total amount loaned to any such land bank with respect to any mortgage shall not exceed 25 percent of the total unpaid principal of such mortgage.

"(b) No such loan shall be made with respect to any mortgage unless the Corporation is satisfied that the mortgagor, after exercising ordinary diligence to pay his accrued delinquent taxes and meet accrued interest and principal payments, has defaulted thereon; and unless the bank shall have agreed to the satisfaction of the Corporation that during such 2-year period the bank will not foreclose such mortgage unless the property covered thereby is abandoned by the mortgagor or unless in the opinion of the Corporation such foreclosure is necessary for other reasons.

"(c) Each such loan shall be secured by an assignment to the Corporation of the lien of the taxes and/or of the bank's mortgage with respect to which the loan is made: *Provided*, That the part of each such lien so assigned representing the interest and principal due and unpaid in any such mortgage which has been

assigned to the farm-loan registrar shall be subordinate to the existing lien of the bank for the balance of the indebtedness then or thereafter to become due under the terms of such mortgage; but the Corporation may require the bank to furnish additional collateral as security for such loan, if such collateral is available to the bank.

"(d) The Corporation is authorized to make such rules and regulations as may be necessary to carry out the purposes of this section and to make the relief contemplated immediately available.

"Part 3. Loans to farmers by Farm Loan Commissioner"

"REDUCTION OF DEBTS AND REDEMPTION OF FORECLOSED FARMS"

"Sec. 25. The Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Farm Loan Commissioner the sum of \$200,000,000, or so much thereof as may be necessary, to be used for the purpose of making loans as hereinafter provided to any farmer, secured by a first or second mortgage upon the whole or any part of the farm property, real or personal, including crops, of the farmer. The amount of the mortgage given by any farmer, together with all prior mortgages or other evidences of indebtedness secured by such farm property of the farmer, shall not exceed 75 percent of the value thereof, as determined upon an appraisal made pursuant to the Federal Farm Loan Act, as amended; nor shall a loan in excess of \$5,000 be made to any one farmer. Every mortgage made under this section shall contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual installments, sufficient to cover (1) interest on unpaid principal at a rate not to exceed 5 percent per annum and (2) such payments equal in amount to be applied on principal as will extinguish the debt within an agreed period of not more than 10 years from the date the first payment on principal is due: *Provided*, That during the first 3 years the loan is in effect payments of interest only may be required. No loan shall be made under this section unless the holder of any prior mortgage or instrument of indebtedness secured by such farm property arranges to the satisfaction of the Farm Loan Commissioner to limit his right to proceed against the farmer and such farm property for default in payment of principal. Loans under this section shall be made for the following purposes only: (1) Refinancing, either in connection with proceedings under chapter VIII of the Bankruptcy Act of July 1, 1898, as amended (relating to agricultural compositions and extensions), or otherwise, any indebtedness, secured or unsecured, of the farmer, (2) providing working capital for his farm operations, and (3) enabling any farmer to redeem and/or repurchase farm property owned by him and occupied by him as a home prior to foreclosure, which has been foreclosed within 1 year prior to the enactment of this act or which is foreclosed after the enactment of this act. The provisions of paragraph "Ninth" of section 13 of the Federal Farm Loan Act, as amended (relating to charges to applicants for loans and borrowers from the Federal land banks), shall, so far as practicable, apply to loans made under this section. As used in this section, the term "farmer" means any individual who is bona fide engaged in farming operations, either personally or through an agent or tenant, or the principal part of whose income is derived from farming operations, and includes a personal representative of a deceased farmer.

"REGULATIONS"

"Sec. 26. The Farm Loan Commissioner is authorized to make such rules and regulations and to appoint such agents as may be necessary to carry out the purposes of this title and to make the relief contemplated by this title immediately available.

"FACILITIES OF FEDERAL LAND BANKS AND NATIONAL FARM LOAN ASSOCIATIONS MADE AVAILABLE"

"Sec. 27. The Federal land banks and the national farm loan associations are authorized, upon request of the Farm Loan Commissioner, to make available to him their services and facilities to aid in administering the provisions of this title.

"PENALTIES"

"Sec. 28. Any person who shall knowingly make any material false representation for the purpose of obtaining any loan under part 3 of this title, or in assisting in obtaining any such loan, shall, upon conviction thereof, be fined not more than \$1,000, or imprisoned not more than 6 months, or both.

"Part 4. Refinancing of agricultural improvement district indebtedness for the benefit of farmers"

"LOANS BY RECONSTRUCTION FINANCE CORPORATION"

"Sec. 29. The Reconstruction Finance Corporation is authorized and empowered to make loans as hereinafter provided, in an aggregate amount not exceeding \$50,000,000, to drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts, duly organized under the laws of any State, and to political subdivisions of States which, prior to the date of enactment of this act, have completed projects devoted chiefly to the improvement of land for agricultural purposes. Such loans shall be made for the purpose of enabling any such district or political subdivision (hereafter referred to as the 'borrower') to reduce and refinance its outstanding indebtedness incurred in connection with any such project, and shall be subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended; except that (1) the term of any such loan shall not exceed 40 years; (2) each such loan shall be secured by refunding bonds issued to the Corporation by the borrower which are a lien on the real property

within the project or on the amount of the assessments levied on such property by the borrower pursuant to State law, or by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any bonds so secured except with the consent of the Corporation; (4) the borrower shall pay to the Corporation, until all bonds of the borrower held by the Corporation are retired, an amount equal to the amount by which the assessments against the real property within the project collected by the borrower exceed the costs of operation and maintenance of the project and interest on its outstanding obligations; and (5) the borrower shall agree, to the satisfaction of the Corporation, to reduce the outstanding indebtedness to the borrower of the landowners within such project by an amount corresponding to that by which the indebtedness of the borrower is reduced by reason of the operation of this section, to distribute the amount of such reduction among such landowners on a pro rata basis, to cancel and retire its outstanding bonds in an aggregate amount equal to the amount of the reduction so distributed, and to permit the Corporation, in the case of the payment of the bonds of the borrower or the liquidation of such project, to participate in such payment or in the proceeds of such liquidation on the basis of the face amount of the bonds so retired plus the face amount of the bonds held by the Corporation as security for the loan. No loan shall be made under this section until the Reconstruction Finance Corporation (A) has caused an appraisal to be made of the property securing and/or underlying the outstanding bonds of the applicant, (B) has determined that the project of the applicant is economically sound, and (C) has been satisfied that an agreement has been entered into between the applicant and the holders of its outstanding bonds under which the applicant will be able to purchase or refund such bonds at a price determined by the Corporation to be reasonable after taking into consideration the average market price of such bonds over the 6 months' period ending March 1, 1933, and under which a substantial reduction will be brought about in the amount of the outstanding indebtedness of the applicant.

"Part 5. Increase of lending power of Reconstruction Finance Corporation"

"Sec. 30. In order to provide funds to carry out the purposes of this title, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is hereby increased by \$300,000,000.

"Part 6. Functions of Farm Loan Commissioner under Executive orders"

"Sec. 31. If and when any Executive order heretofore transmitted to the Congress pursuant to title IV of part II of the Legislative Appropriation Act of 1933, as amended, shall become effective, all functions, powers, authority, and duties conferred upon or vested in the Farm Loan Commissioner by this title shall be held and exercised by him subject to all the terms and conditions in any such Executive order the same as if such functions, powers, authority, and duties were specifically named in such Executive order or orders.

"Part 7. Short title"

"Sec. 32. This title may be cited as the 'Emergency Farm Mortgage Act of 1933.'"

"TITLE III. REGULATION OF CURRENCY"

"Part 1. To coin money and regulate the value thereof."

"Sec. 33. Whenever the President finds, upon investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold, or (2) action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States, or (3) an economic emergency requires an expansion of credit, or (4) an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments, the President is authorized, in his discretion—

"(a) To direct the Secretary of the Treasury to enter into agreements with the several Federal Reserve banks and with the Federal Reserve Board whereby the Federal Reserve Board will, and it is hereby authorized to, notwithstanding any provisions of law or rules and regulations to the contrary, permit such Reserve banks to agree that they will, (1) conduct, pursuant to existing law, throughout specified periods, open-market operations in obligations of the United States Government or corporations in which the United States is the majority stockholder, and (2) purchase directly and hold in portfolio for an agreed period or periods of time Treasury bills or other obligations of the United States Government in an aggregate sum of \$3,000,000,000 in addition to those they may then hold, unless prior to the termination of such period or periods the Secretary shall consent to their sale. No suspension of reserve requirements of the Federal Reserve banks, under the terms of section 11 (c) of the Federal Reserve Act, necessitated by reason of operations under this section, shall require the imposition of the graduated tax upon any deficiency in reserves as provided in said section 11 (c). Nor shall it require any automatic increase in the rates of interest or discount charged by any Federal Reserve bank, as otherwise specified in that section. The Federal Reserve Board, with the approval of the Secretary of

the Treasury, may require the Federal Reserve banks to take such action as may be necessary, in the judgment of the Board and of the Secretary of the Treasury, to prevent undue credit expansion.

"(b) If the Secretary, when directed by the President, is unable to secure the assent of the several Federal Reserve banks and the Federal Reserve Board to the agreements authorized in this section, or if operations under the above provisions prove to be inadequate to meet the purposes of this section, or if for any other reason additional measures are required in the judgment of the President to meet such purposes, then the President is authorized—

"(1) To direct the Secretary of the Treasury to cause to be issued in such amount or amounts as he may from time to time order, United States notes, as provided in the act entitled "An act to authorize the issue of United States notes and for the redemption of funding thereof and for funding the floating debt of the United States", approved February 25, 1862, and acts supplementary thereto and amendatory thereof, in the same size and of similar color to the Federal Reserve notes heretofore issued and in denominations of \$1, \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, and \$10,000; but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States: *Provided*, That when any such notes are used for such purpose the bond or other obligation so acquired or taken up shall be retired and canceled. Such notes shall be issued at such times and in such amounts as the President may approve, but the aggregate amount of such notes outstanding at any time shall not exceed \$3,000,000,000. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, an amount sufficient to enable the Secretary of the Treasury to retire and cancel 4 percent annually of such outstanding notes, and the Secretary of the Treasury is hereby directed to retire and cancel annually 4 percent of such outstanding notes. Such notes and all other coins and currencies heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts public and private.

"Sec. 34. The Secretary of the Treasury, with the approval of the President, is hereby authorized to make and promulgate rules and regulations covering any action taken or to be taken by the President under subsection (a) or (b) of section 33.

"Sec. 35. Section 19 of the Federal Reserve Act, as amended, is amended by inserting immediately after paragraph (c) thereof the following new paragraph:

"Notwithstanding the foregoing provisions of this section, the Federal Reserve Board, upon the affirmative vote of not less than 5 of its members and with the approval of the President, may declare that an emergency exists by reason of credit expansion, and may by regulation during such emergency increase or decrease from time to time, in its discretion, the reserve balances required to be maintained against either demand or time deposits."

Mr. NORBECK. Mr. President, for fear there will not be a record vote on this matter, I should like to go on record personally by saying that, if I understand it aright, the amendment in the nature of a substitute offered by the Senator from Wyoming is to strike out the agricultural part of the bill, the allotment plan, and to substitute the leasing plan?

Mr. CAREY. That is correct.

Mr. NORBECK. If I had a chance to vote the other way, I would vote to retain the agricultural part of the bill and strike out the refinancing of mortgages. I am afraid this new-fangled rural-credit scheme is going to get the Government in trouble, is going to get the Treasury in trouble, and is going to get the farmers in trouble. It may help the mortgage companies instead of the farmers. Of course, it is proposed with the best of intentions, but we cannot get ourselves out of trouble without earning power, and there is not much in the bill that will create earning power soon. I think the bill is not in bad shape, but it will depend entirely upon its administration. I hope we will have good administration.

However, we have let this year go by. We have said in effect to the farmer, "There is nothing for you this year. We will give you something next year." I proposed an amendment that might have done something for the farmers this year. I heard the almost solid "no" from the Democratic side, saying in effect that they did not want any change.

I am going to vote for the bill, anyway, but not without misgivings as to the farm-mortgage feature of it.

The VICE PRESIDENT. The question is on the amendment of the Senator from Wyoming in the nature of a substitute.

Mr. CAREY. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LEWIS (when Mr. GORE's name was called). I am authorized to announce that the Senator from Idaho [Mr. BORAH] is paired with the Senator from Oklahoma [Mr. GORE]. Both are necessarily absent at this moment.

Mr. TOWNSEND (when his name was called). On this question I have a pair with the senior Senator from Tennessee [Mr. McKELLAR], who is unavoidably detained from the Senate. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. HEBERT. I desire to announce that the senior Senator from Delaware [Mr. HASTINGS] has a pair on this question with the Senator from Montana [Mr. WHEELER]. If the Senator from Delaware were present, he would vote "yea", and I am informed that the Senator from Montana, if present, would vote "nay."

Mr. DUFFY. I have a general pair with the junior Senator from Maine [Mr. WHITE]. I am not informed how he would vote. Therefore I withhold my vote. If I were at liberty to vote, I should vote "nay."

Mr. HALE. I should like to say that if my colleague [Mr. WHITE] were present, he would vote "yea" on this amendment.

Mr. LEWIS. Mr. President, may I announce that the Senator from Kentucky [Mr. LOGAN] has a general pair with the Senator from Pennsylvania [Mr. DAVIS].

The result was announced—yeas 19, nays 65, as follows:

YEAS—19

Austin	Goldsborough	Keyes	Schall
Barbour	Hale	McNary	Steiwer
Carey	Hatfield	Metcalf	Vandenberg
Dale	Hebert	Patterson	Walcott
Fess	Kean	Reed	

NAYS—65

Adams	Connally	Kendrick	Reynolds
Ashurst	Coollidge	King	Robinson, Ark.
Bachman	Copeland	La Follette	Robinson, Ind.
Bailey	Costigan	Lewis	Russell
Bankhead	Couzens	Loneragan	Sheppard
Barkley	Cutting	Long	Shipstead
Black	Dickinson	McAdoo	Smith
Bone	Dieterich	McCarran	Stephens
Bratton	Dill	McGill	Thomas, Okla.
Brown	Erickson	Murphy	Thomas, Utah
Bulkeley	Fletcher	Neely	Trammell
Bulow	Frazier	Norbeck	Van Nuys
Byrd	George	Norris	Wagner
Byrnes	Glass	Nye	Walsh
Capper	Harrison	Overton	
Caraway	Hayden	Pittman	
Clark	Johnson	Pope	

NOT VOTING—11

Borah	Gore	McKellar	Wheeler
Davis	Hastings	Townsend	White
Duffy	Logan	Tydings	

So, Mr. CAREY's amendment, in the nature of a substitute, was rejected.

Mr. CLARK. Mr. President, I offer a motion to recommit.

The VICE PRESIDENT. The Senator from Missouri offers a motion to recommit which will be stated.

The LEGISLATIVE CLERK. The Senator from Missouri offers the following motion to recommit:

I move to recommit the bill to the Committee on Agriculture and Forestry with instructions to report the bill back forthwith with an amendment striking out part 2 of title I.

Mr. CLARK. Mr. President, we have wandered far afield in the consideration of this bill. So many extraneous propositions have been offered as amendments to the bill, and been adopted by the Senate, that almost everybody has lost sight of the original scope of the bill and of the original bill itself.

My motion is to strike out the original bill and to leave the amendments which have been adopted, some of which are, in my opinion, very beneficial to the enactment.

Part 2 of title I includes those provisions which, in my judgment, establish a super farm board, probably promising the greatest disaster that ever happened to agriculture in the history of the United States. It includes those provisions which authorize the Secretary of Agriculture to

emasculate the antitrust laws of the United States, which authorize him at will, at his whim, to impose tariff duties, and which give him the powers of a dictator over not only the farmers but the processors of the United States.

I believe that if the remaining portion of the bill were adopted, and the original bill stricken out, it would bring about reforms of great benefit to the people of the United States.

I offer this motion to recommit for the purpose of allowing the Members of the Senate to vote on the beneficial amendments which have been adopted, with the original bill left out.

In the long debate on this measure only one argument has been made in behalf of the portion of the bill which my motion is designed to strike out. No Senator has had the hardihood really to defend the measure. One and all have explained their support of this abortive measure by asserting that they have such great confidence in the President that they are sure he will stop the experiment before it can do too much damage. I prefer not to enter on such a hazardous experiment.

It has been almost universally agreed that this bill will in no case be effective in raising commodity prices without inflation, and that if we have inflation it will not be needed or effective. Since the inflation amendment has just been adopted, I submit that the dangerous grants of power to the Secretary of Agriculture should be deleted.

The VICE PRESIDENT. The question is on the motion to recommit offered by the Senator from Missouri [Mr. CLARK].

Mr. REED. I call for the yeas and nays.

The yeas and nays were not ordered.

The motion to recommit was rejected.

The VICE PRESIDENT. The Chair lays before the Senate sundry motions to reconsider, which should be disposed of before this bill can go to the House of Representatives. The clerk will state the motions.

The LEGISLATIVE CLERK. The Senator from Alabama [Mr. BANKHEAD] on April 10 entered a motion to reconsider, on page 2, line 18, after the word "tobacco", the amendment inserting "milk, and its products."

The VICE PRESIDENT. The question is on the motion to recommit.

Mr. BANKHEAD. I withdraw the motion.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the motion is withdrawn.

The clerk will state the next motion.

The LEGISLATIVE CLERK. The Senator from South Carolina [Mr. SMITH] entered a motion on April 20, on page 11, line 1, to reconsider the amendment relative to the reprocessing tax on cotton.

The VICE PRESIDENT. The question is on the motion to reconsider.

Mr. SMITH. Mr. President, that was a request made by the Department of Agriculture in reference to an amendment that was offered by my colleague [Mr. BYRNES]; but under the circumstances I think I will withdraw it, if the Senate will consent.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The clerk will state the next motion.

The LEGISLATIVE CLERK. The Senator from Texas [Mr. CONNALLY] entered a motion on April 21 to reconsider the amendment offered by the Senator from Colorado [Mr. COSTIGAN], on page 16, line 19, inserting "sugar beets and sugarcane."

Mr. CONNALLY. Mr. President, calling up this motion at this time would no doubt provoke considerable debate. Those in charge of the bill are extremely anxious to get final action on it tonight, so I am perfectly willing to withdraw the motion.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The clerk will state the next motion.

The LEGISLATIVE CLERK. The Senator from Florida [Mr. FLETCHER] entered a motion on April 25 to strike out the

amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD] to the amendment of the Senator from New York [Mr. WAGNER], on page 13, after line 8, inserting subsection (c) relative to joint-stock land banks.

The VICE PRESIDENT. The question is on the motion to reconsider.

The motion to reconsider was rejected.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

Mr. WALSH. Mr. President, in connection with the debate on this question I ask that a statement issued by myself to the press with reference to my position on the matter, and two brief editorials printed in the leading Republican newspaper of New Hampshire, the Manchester Union, on Controlled Inflation and the Inflation Debate, be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

STATEMENT OF SENATOR WALSH ON THE PENDING FARM RELIEF BILL

The plight of agriculture admits of no dispute. Restoration of some measure of prosperity to the farmer is indispensable to our economic recovery.

Congress has listened to many plans for farm relief. Congress has authorized various emergency aids in the way of farm credits, and in the creation of the Federal Farm Board and the establishment of a \$500,000,000 revolving fund, the Government undertook a large and costly experiment in an abortive attempt to control farm surpluses and to peg prices of farm commodities. The Farm Board experiment was a ghastly failure.

We have before us now another farm-relief plan of enormous magnitude and complexity. In submitting this plan to Congress the President, with commendable candor, said that the plan was an experiment the feasibility of which could only be determined by trial. He described it as an untrodden path.

The underlying purpose of the present bill, as indeed has been the underlying purpose of almost every farm-relief proposal, is to overcome the existing disparity between the price level of farm products and the price level of manufactured goods. The elimination of this disparity, if its elimination be possible, is a desirable objective. This bill proposes to eliminate this disparity by the employment of various artificial devices to raise the price level of farm commodities. It is hoped to accomplish that in part by offering various inducements to agriculture to curtail production and in part by levying taxes on the products of agriculture and passing back to the producer the tax so levied.

It is impossible to know what those taxes are to be. It is impossible to say what this bill will cost the Government or cost the American people or how many dollars it will actually put into the pockets of the farmer.

The proponents of the bill argue very plausibly that it is impossible to determine these matters in advance; that the whole scheme is predicated on the idea of extreme flexibility.

Almost everything with respect to the working out of the plan is a matter of estimate, conjecture, or hypothesis.

It is suggested that the consumer is not to be unduly prejudiced in that the consumer's interest is to be taken into account in fixing taxes; that competitive conditions are to be taken into account; that compensatory taxes and tariffs are to be invoked wherever necessary to preserve an equilibrium in competitive positions.

I do not know how this gigantic price-lifting scheme is going to work out. I do not know whether it is going to work at all. I do not believe anyone else has any real assurance that the plan will succeed. I view many aspects of the plan with grave apprehension.

But it is the only plan for farm relief now offered to us. Perhaps trial and error is the only method through which a solution of the farm problem will be found.

Our President is dealing courageously and vigorously with the overwhelming problems of the present hour. He has asked us for whole-hearted support and we are glad to give it to him. He has called upon us to follow his leadership and we are doing so. He has asked us to assent to the farm-relief program embodied in this measure. Both in broad outline and in detail the bill before us is the handiwork of expert advisers in whom the President reposes highest confidence. The President has assured us that though the good which may follow from this bill is as yet problematical, no harm will follow from it because if harm is to ensue he will be the first to discard and abandon the whole scheme.

Under these circumstances, though I personally repose little confidence in the workability of the plan and am apprehensive that its hoped-for benefits to agriculture may prove elusive, I feel constrained, nevertheless, to give the measure my support.

The amendments added to the original bill making provision for refinancing farm mortgages and for controlled inflation of the currency have my approval and support, and in my opinion are necessary measures to the rehabilitation program seeking to lift us out of the depression.

The editorials are as follows:

[From the Manchester Union of Apr. 19, 1933]

CONTROLLED INFLATION

Amid the numerous economic panaceas for depression, many of them strongly suggesting the "socialized state" in which government participation in business is raised to the nth degree, there are two at least, both primary and fundamental, to which most Americans who remain faithful to the political economy which made America great, will assent. These two are: A balanced Budget and a controlled inflation.

Congress promptly provided the President with the summary power needed to achieve a balanced Budget, and the President swiftly and courageously used that power to cut expenses and to assess a Federal tax on beer, the two combined sufficing to cut Government costs by approximately a billion dollars. This action, if not impaired by later increases in expenditures, assures maintenance of the Federal credit, an absolute essential to permanent economic recovery.

While there has been a great deal of talk of inflation in administration and congressional circles, there has actually been practically none as yet. Instead there has been actual deflation resulting from the necessarily drastic conditions imposed on the banks when the moratorium ended. Very properly, only sound and solvent banks were permitted to resume activity, but this meant a further deflation of bank credit in an amount not less than \$5,000,000,000, tied up in the assets of unopened banks. Also the effect of the sharp reduction in veterans' benefits and the cut of 15 percent in the pay of Government employees were obviously deflationary. Thus while the machinery for controlled inflation was actually set up in the emergency legislation which provided for "asset currency", no significant amount of such currency has been put into circulation.

But why inflation at all? Was it not excessive inflation which caused the depression itself?

It is entirely accurate to affirm that extreme and long-continued inflation was a tremendous factor in producing the business catastrophe of 1929. There were other contributing causes but inflation played a leading role in that tragedy. Then why talk of inflation as a cure?

The answer is comparatively simple. It is found in that curious human attribute which makes of most of us, in a period of great prosperity, unreasoning and intemperate optimists, and in a period of prolonged adversity, equally unbalanced and rampant pessimists. Our enthusiasms in the twenty-eights and twenty-nines drove the pendulum too far one way and our unhappiness and discouragements in the thirty-ones and thirty-twos swung it as unreasonable a distance in the opposite direction. Just as the cure of excessive inflation is deflation, taken in reasonable doses, so the remedy for excessive deflation is inflation, in sane moderation.

We are suffering today as acutely from the sickness of too great deflation as we suffered 5 years ago from the ills of too great inflation. The price levels of today are as indefensible and unwarranted in their depths as were the price levels of 1929 in their absurd heights.

And the only way to bring price levels up is to depreciate the value of the medium with which we measure prices—that is, the dollar. This can be done in two ways. We can begin issuing fiat money, set the printing presses running, and set in motion the machinery of uncontrolled inflation and reproduce here the disaster which overtook Germany when the German mark lost its entire value. This we do not want. Or we can resort to controlled inflation of both credit and currency under the emergency legislation already provided, and by a carefully measured expansion of both reduce the buying power of the dollar, with instantaneous effect upon price levels of all commodities which enter into commerce. With rising prices both debt and tax burdens lighten, new hopes are born, and confidence returns. We change the face of business. With 75-cent wheat and 40-cent corn and 12-cent cotton the farm problem recedes, the farmer begins to buy, store stocks are swiftly exhausted and must be replenished, mills and factories begin to awake to new life, and the long hopeless lines of unemployed, dependent upon emergency relief, begin to dwindle.

Let us say, without the slightest attempt at accuracy, solely for purposes of illustration, that the total wealth of this country at the present immoderately deflated price levels is around 250 billions, and that the total debts of the country, public and private, are 260 billions. Under such circumstances the country is obviously insolvent. But 5 years ago approximately the same assets measured at a higher price level against practically the same liabilities showed us to be the richest country the world has ever known, solvent to such a degree that we thought we could actually banish poverty for all classes indefinitely. Plainly, our credit and currency must be sufficiently increased to raise again the price level to a normal and reasonable point where we at least become solvent, but under such control that expansion can be halted before the danger of overinflation is incurred. This is controlled inflation. Wisely employed, in combination with a balanced Budget, it will give American courage and American initiative all the help it needs to get the wheels of industry turning again.

[From the Manchester Union of Apr. 26, 1933]

THE INFLATION DEBATE

The almost universal lack of agreement on the Roosevelt inflationary program must be confusing to the man of the street. Even the best-informed economists are divided among themselves re-

garding the soundness of the steps that the President proposes to take. On every side one is met with arguments both for and against inflation. No question has been the subject of such keen debate during the present session of Congress. Amid so many diverse opinions, the man of the street is not to be blamed if he throws up his hands and declares frankly that he does not know what it is all about.

In this dilemma there are two thoughts to which we can tie. First, it is well to remember that the present inflationary movement was launched to check another that was positively dangerous. The rapid gain of inflationist strength in Congress created the threat that we would get inflation in its worst form. As soon as it became apparent that some form of inflation was likely to be adopted, the President recognized the importance of its being placed under the most rigid control. For that reason he stepped in and requested the authority to take the entire matter under his own direction.

The first thing, then, to remember is that if the President is denied this authority, Congress will be left free to enact any kind of inflation, dangerous or otherwise, which in turn will be left free to work itself out regardless of its effects. Now, as to the merits of the question itself. A certain degree of inflation is recognized as necessary to raise prices and wages, and reduce the present burden of indebtedness. The crux of the problem is in keeping it under control. It is uncontrolled inflation, which is always dangerous, that the opponents of the present measure have in mind. But if this matter is left to the President's discretion, he will be able to feel his way forward, and check the movement if he finds it is ineffective or harmful, or when he believes it has achieved the desired results. All the measures of the administration so far have been deflationary, and it is obviously necessary that these influences should be offset by a judicious movement in the opposite direction.

Mr. FRAZIER. Mr. President, it seems to me there is a discrepancy in the farm-loan provision of the so-called "Wagner substitute." In the print I have it is on page 4, lines 11 and 12. It provides for the valuation of farm property at 50 percent of the value of the land and 20 percent of the value of the permanent and insured improvements.

I think that is altogether too low. In the home-loan bill there is pending a valuation of 80 percent of urban property. That urban property produces no income at all. In the case of farm land, it seems to me that farm property should be valued higher. No one, of course, knows what 50 percent means; but if it means 50 percent of the present value, it is altogether too low.

I ask unanimous consent to offer an amendment to strike out "50 percent" and insert "70 percent", and to strike out "20 percent" and insert "70 percent."

Mr. WAGNER. I object.

The VICE PRESIDENT. The bill is still open to amendment. It has not yet been engrossed.

Mr. FRAZIER. Mr. President, I offer the amendment that I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 7, it is proposed to strike out "50 percent" and to insert "70 percent."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota.

Mr. FRAZIER. There are two amendments. Mr. President, I ask that they go together.

The VICE PRESIDENT. The second amendment will be stated.

The LEGISLATIVE CLERK. It is also proposed, in lines 11 and 12, to strike out "20 percent" and insert "70 percent."

The VICE PRESIDENT. The question is on agreeing to the amendments offered by the Senator from North Dakota.

Mr. FRAZIER. Mr. President, between these two bills there is a discrepancy that is indefensible. In the home-loan bill the valuation is 80 percent. In the farm bill it is 50 percent on the land and 20 percent on the buildings. In this farm-loan provision—

The VICE PRESIDENT. Will the Senator permit the Chair to make a statement? The Senator from New York [Mr. WAGNER] objected, which was tantamount to making a point of order.

Mr. WAGNER. That is what I intended to do.

The VICE PRESIDENT. This is an amendment to what is known as the Wagner amendment, which has been agreed to; and therefore the amendment of the Senator from North Dakota is not in order at this time. The Wagner amendment is not open to amendment, having been already agreed to by the Senate.

Mr. FRAZIER. Mr. President, I wish to say that it seems to me there is a discrepancy there that should be remedied.

Mr. NORRIS. Mr. President, I ask unanimous consent that the Senator be allowed to offer the amendment.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the question is on agreeing to the amendment offered by the Senator from North Dakota.

The amendment was rejected.

Mr. CONNALLY. Mr. President, I ask unanimous consent to print in the RECORD, in connection with the bill, an expression of opinion by leading members of the Associated Press, meeting in New York on April 26, with reference to inflation.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

PUBLISHERS NOTE BETTER CONDITIONS—GENERAL IMPROVEMENT IN PUBLIC CONFIDENCE REPORTED BY NEWSPAPER EXECUTIVES

NEW YORK, April 26.—A marked improvement in public confidence and in general business conditions was noted yesterday by newspaper publishers from wide-spread industrial and agricultural areas.

In the South, Clark Howell, of the Atlanta Constitution, said: "The reaction to pending legislation already has been extremely favorable, as shown in an increase of cotton prices of approximately 1½ cents a pound."

Mr. Howell said he felt "this is due more to the inflation program than to reaction to the farm-relief program."

"So long as kept under control, as it can be under pending legislation, I think the effect of inflation will be to increase commodity prices. That is the keystone of returning prosperity."

CONFIDENCE HAS IMPROVED

Col. Frank Knox, of the Chicago Daily News, said the action of the stock market in the last week "is a perfect example of what happens in a rising market. This is more fundamentally illustrated in the commodity market. There has already been a healthy increase in the price of farm commodities, wholly by the expectation of inflation. When inflation actually comes, providing it is controlled, farm prices will go still higher and by this vacate the necessity for most of the remedies proposed in the pending farm measure."

"Chicago," Colonel Knox said, "is very much in favor of a controlled inflation in both credit and currency. And we believe the present price level is as much overdeflated as overinflated in 1929."

George B. Longan, of the Kansas City Star, said he had "no doubt but what the feeling of confidence among the people has improved more than 100 percent."

Mingled with the comments of the publishers, in New York for meetings of the American Newspaper Publishers' Association and the Associated Press, was praise of President Roosevelt and expressions of confidence in his administration.

APPROVE PRESIDENT'S ACTION

The President was described by the Kansas City publisher as "a man of action who has given us a feeling that we most assuredly are not marking time and who is using every means to get results."

The publisher said that "while the Kansas City Star has been an advocate of sound money, we are not alarmed over the inflation program. We think that thoughtful people understand that the administration has a strategic plan and only that part will be used that is essential to what we might term reflation."

Both L. K. Nicholson, of the New Orleans Times-Picayune, and W. H. Cowles, of the Spokane Spokesman-Review, found favor with the administration's handling of the banking situation.

"The whole Nation is indebted to Mr. Roosevelt for his courageous and positive work in handling the banking crisis," said Mr. Cowles, while Mr. Nicholson felt that "one of the essential things for recovery is certainly the getting down to a solid foundation by rebuilding and strengthening our banking structure. And this Mr. Roosevelt is doing."

The New Orleans publisher cited that "the President says much of his program is more or less experimental. We are in strong sympathy with this leadership and the people in Louisiana have been quick to respond to the continuous action in Washington."

HELPS LUMBER INDUSTRY

The reaction of the lumber industry in Washington to the administration's gold embargo was cited by the Spokane publisher.

"The results of this embargo in the matter of increased prices," Mr. Cowles said, "was of great importance in the Northwest."

"The drop in the exchange was of great consequence because it reduced the ability of Canada and Japan to ship in and undersell American producers. This lowering of the exchange necessarily affects the lumber industry, which is a very large factor in the Northwest's prosperity. Already there has been considerable increase in employment and resumption of operation in mills."

Mr. Cowles said there is not, as far as he is able to sense, "a united sentiment behind the administration's farm program and the suggestion that the Government enter upon a program of controlling the hours and wages in industry."

AN "ACE IN THE HOLE"

In Indiana: Henry W. Marshall, of the Lafayette Journal and Courier, found that "people have a lot of faith in President Roosevelt and what he is trying to do. Particularly is this true of the farmers."

Mr. Marshall said he found a feeling that "a moderate controlled inflation will be helpful."

Colonel Knox, who was a close adviser to former President Hoover, said his "admiration for President Roosevelt has been greatly enhanced by his astute preparation for the impending world conference. The power he asks in pending currency legislation may never be used and probably will not be. But this gives him an ace in the hole when they get around the conference table, which may prove immeasurably valuable."

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The VICE PRESIDENT. The question now is, Shall the bill pass?

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. DUFFY (when his name was called). I have a general pair with the junior Senator from Maine [Mr. WHITE], who is absent. I therefore withhold my vote. I am informed that if the Senator were present and permitted to vote he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. LEWIS (when Mr. LOGAN's name was called). The Senator from Kentucky [Mr. LOGAN] is absent and is paired with the Senator from Pennsylvania [Mr. DAVIS].

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. I understand that if he were present he would vote the same as I intend to vote. I therefore feel at liberty to vote, and vote "nay."

Mr. TOWNSEND (when his name was called). I have a general pair with the Senator from Tennessee [Mr. McKELLAR], who is absent on account of a death in his family. If I were permitted to vote, I should vote "nay." I understand that if the Senator from Tennessee were present he would vote "yea."

The roll call was concluded.

Mr. LEWIS. I desire to announce that the Senator from Oklahoma [Mr. GORE] is detained from the Senate on official business.

Mr. ROBINSON of Arkansas. I wish to announce the necessary absence of the Senator from Maryland [Mr. TYDINGS].

Mr. HEBERT. On this vote the senior Senator from Delaware [Mr. HASTINGS] is paired with the senior Senator from Montana [Mr. WHEELER]. I am informed that if the senior Senator from Delaware were present he would vote "nay", and that, if the Senator from Montana were present, he would vote "yea."

The result was announced—yeas 64, nays 20, as follows:

YEAS—64

Adams	Coolidge	King	Pope
Ashurst	Copeland	La Follette	Reynolds
Bachman	Costigan	Lewis	Robinson, Ark.
Bankhead	Couzens	Loneragan	Robinson, Ind.
Barkley	Cutting	Long	Russell
Black	Dickinson	McAdoo	Schall
Bone	Dieterich	McCarran	Sheppard
Borah	Dill	McGill	Shipstead
Bratton	Erickson	McNary	Steiwer
Brown	Fletcher	Murphy	Stephens
Bulow	Frazier	Neely	Thomas, Okla.
Byrd	George	Norbeck	Thomas, Utah
Byrnes	Harrison	Norris	Trammell
Capper	Hayden	Nye	Van Nuys
Caraway	Johnson	Overton	Wagner
Connally	Kendrick	Pittman	Walsh

NAYS—20

Austin	Clark	Hale	Metcalf
Bailey	Dale	Hatfield	Patterson
Barbour	Fess	Hebert	Reed
Bulkley	Glass	Kean	Vandenberg
Carey	Goldsborough	Keyes	Walcott

NOT VOTING—11

Davis	Hastings	Smith	Wheeler
Duffy	Logan	Townsend	White
Gore	McKellar	Tydings	

So the bill was passed.

The title was amended so as to read: "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes."

Mr. SMITH. Mr. President, I ask that the bill be printed as amended and that the Senate amendments be numbered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMITH. Mr. President, I move that the Senate insist on its amendments, ask for a conference with the House, and that the Chair appoint the conferees.

The motion was agreed to; and the Chair appointed Mr. SMITH, Mr. FLETCHER, Mr. THOMAS of Oklahoma, Mr. WAGNER, Mr. McNARY, and Mr. WALCOTT conferees on the part of the Senate.

ORDER OF BUSINESS

Mr. ROBINSON of Arkansas obtained the floor.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Florida?

Mr. ROBINSON of Arkansas. I yield.

Mr. FLETCHER. Mr. President, I desire to move that the Senate proceed to the consideration of—

Mr. NORRIS. Mr. President, I make the point of order that the Senator from Arkansas cannot yield to the Senator from Florida to make a motion to proceed to the consideration of anything.

The VICE PRESIDENT. The point of order is well taken. Mr. LEWIS and Mr. NORRIS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Arkansas yield; and if so, to whom?

Mr. ROBINSON of Arkansas. I yield first to the Senator from Illinois.

MESSAGE TO THE UNITED STATES FROM M. EDOUARD HERRIOT

Mr. LEWIS. Mr. President, I accept the courtesy of the Senator from Arkansas to present in writing a salutation of the Premier of France, who addresses us in writing his appreciation of the manner in which he was received in the United States and of the courtesies which were extended to him on his visit here. Since there is nothing in the statement which in anywise touches on any matter of politics, and since the statement is a mere expression of the Premier's gratitude for the manner in which he was received and the courtesies which his party enjoyed from our people, together with their commendations, I ask the liberty of having the statement printed in the CONGRESSIONAL RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF M. EDOUARD HERRIOT

Before sailing back to France, I wish to thank the American people for the kind reception my fellow workers and myself have met on their part. First of all, I must pay a most grateful tribute to President Roosevelt, with whom I have had the privilege to hold such long and valuable conversations. In the course of a life extending already over a good many years, I had the opportunity of meeting many prime ministers and heads of governments. This time I had the great joy to come across a man endowed with splendid powers, a man in whom idealism and realism are happily blended, a man able at the same time to discuss on the most intricate matters in a genial atmosphere, deeply versed in technical and human knowledge, and worthy of his great predecessors.

I fully understand today the proud confidence of a people who chose such a leader and who under his guidance will see its authority in the world affairs rise still higher.

I found the same kind support, the same enlightening competence in my intercourse with Secretary of State Cordell Hull and all the members of the Cabinet and Under Secretary of State William Phillips, who attended our parleys. I extend the thanks I offer them to all their aides.

I will strictly avoid intruding, ever so little, upon the United States politics, which concern no one but themselves.

Moreover, I got in touch with most interesting and charming men belonging to all political parties. I shall take away with me the most pleasant recollections of my interviews with the members of the Foreign Affairs Committees of the Senate and the House; I shall not forget either the kindness shown to me by Senator J. T. ROBINSON, Democratic floor leader, or my interesting talks with Senator BORAH and Senator REED, as well as the hearty welcome of the Vice President and of the Speaker, HENRY T. RAINEY.

Were I able to do so, I should be delighted to come and work here in all freedom of mind, merely to increase my knowledge of and information about a people to whom, as a Frenchman and a devotee to liberal institutions, I feel so deeply attached.

I rejoice at what we have been able to achieve in such limited time. A week ago, we might very well have wondered whether the World Economic Conference could meet at all and, in the event of its meeting, at what date it would meet. Now we know for certain that it is to begin its work on the 12th of June. Within a few hours the invitations will be issued, and on certain points we have already brought our views much nearer to each other: an excellent way of proceeding, which President Roosevelt has rightly advocated while he launched new notions concerning the world disarmament and security.

Recent events have taught us a dreadful lesson, namely, that the world cannot, without great risks, be divided into water-tight compartments. Either spontaneously or under the pressure of events, the solidarity of nations must come into being and find guarantees if the universe is to be kept from utter surrender to the evil spirit of war. Europe is not alone in danger. And now I recall Walt Whitman's famous lines in his *Leaves of Grass*:

"Years of the modern! Years of the unperformed!

Your horizon rises, I see it parting away for more august dramas, I see not America only, not only Liberty's nation, but other nations preparing.

I see tremendous entrances and exits, new combinations, the solidarity of races,

I see that force advancing with irresistible power on the world's stage—

I see Freedom, completely arm'd and victorious and very haughty with Law on one side and Peace on the other."

The time has come for all statesmen to work jointly and bring to life that great man's dreams, which are also those of the peoples of the earth.

To that end we have worked in Washington. Of course, we could not in one week map out a complete scheme for the world recovery, but we have at least fixed up the first landmarks.

As to me, my ambition would be to bring France and the United States to a better knowledge of each other. The word "propaganda" is sometimes spoken; the word, to me, appears as a stupid and almost loathsome word. The only justified propaganda I can conceive is that which consists in the spreading of truth, through fair and undisturbed information.

I came over to this country to bring you a message from France, from France as she truly is, from France who suffered so dreadfully during the Great War, that France who works in offices, warehouses, workshops, or fields.

Citizens of the United States, trust a man who had to fight for his ideas. France has no hatred against any people, she longs for peace; she only wants never to be invaded again. She is only a mother who wishes to shelter from death on the battlefields the children that are left her. Do not trust those who show you another picture of our country.

But, on the other hand, I shall endeavor, as I have already done many times, to interpret the United States to my countrymen; I shall tell them what they really are and why I feel so deeply attached to them.

I shall explain that this land is the land of liberty and that in the hour when brute force and persecutions seem to drive us back to barbarism, there is, on this continent, a great Nation who means to obey nothing but the dictates of reason and justice.

I will recall to them that, on the front of your history, the Declaration of Independence—that elder sister of our Declaration of the Rights of Man—is deeply engraved.

That your old motto has lost nothing of its strength in those times of uncertainty and sufferings—"Life, liberty, and the pursuit of happiness"—the city of Washington has witnessed, these last few days, the meeting of the representatives from three liberty-loving nations, the United States, Great Britain, and France. There rises to my memory the following fragment of a letter written in France by Benjamin Franklin to his friend Hartley, on October 16, 1783: "What America would be as happy as the Sabine girls if she could be the means of uniting, in perpetual peace, her father and her husband? What repeated follies are those repeated wars? You do not want to conquer and govern one another. Why then should you continually be employed in injuring and destroying each other?"

It seems to me that in these words lies the best plan of action. We gathered here not to seek any selfish ends, not to combine paltry schemes, but in order to work jointly for this double aim: The maintenance of freedom and the organization of peace.

MUSCLE SHOALS

Mr. NORRIS. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1272, the so-called "Muscle Shoals bill."

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Nebraska.

The motion was agreed to, and the Senate proceeded to consider the bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama; and for other purposes.

Mr. McNARY. Mr. President, I want to propound an inquiry. I assume that the bill having been made the unfinished business, the intention is to take a recess.

Mr. ROBINSON of Arkansas. It is my intention to move an adjournment until Monday next.

ORDER OF BUSINESS

Mr. NORRIS obtained the floor.

Mr. WAGNER. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. I yield.

Mr. WAGNER. There is pending upon the Calendar House bill 4606, the so-called "relief bill." The Senate has already passed a bill almost identical with it, and I am sure that on Monday, perhaps with but very little discussion, we can pass this House bill, which I regard as a very important measure. Time is really of the essence, and I wondered whether the Senator from Nebraska would consent to lay aside the unfinished business.

Mr. NORRIS. Mr. President, I think some other Senators have spoken to me about the same bill. Perhaps we can take it up on Monday morning during the morning hour, the Senator from Arkansas having stated that he intends to move that the Senate adjourn until Monday. If we do not, I should like to go on a little while with the Muscle Shoals bill and see how we get along with it. I will say to the Senator from New York that if we shall not get along as rapidly as we think we may, and there shall be some delay, I will not object to laying aside the unfinished business, if the consideration of the other bill will not consume very much time.

Mr. WAGNER. Mr. President, I would not make the request, of course, if I thought the bill would take much time.

Mr. NORRIS. I do not want to make any agreement tonight about it.

Mr. CLARK. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. CLARK. As far as the morning hour on Monday is concerned, I should like to ask whether it is the purpose of the Senator from Wisconsin [Mr. LA FOLLETTE] to renew his motion in regard to the joint resolution having to do with the St. Lawrence Treaty. If it is his purpose to renew his motion to refer that matter to the Committee on Foreign Relations, I can assure both the Senator from New York and the Senator from Nebraska that there will be no other business transacted during the morning hour except the consideration of that motion.

Mr. LA FOLLETTE. Mr. President, who has the floor?

The VICE PRESIDENT. The Senator from Nebraska has the floor.

Mr. LA FOLLETTE. Will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. LA FOLLETTE. The joint resolution to which the Senator from Missouri refers, and which I moved to refer to the Committee on Foreign Relations, went to the calendar after the hour of 2 o'clock had been reached. The question will no doubt arise at some time in connection with the reference of the joint resolution which has already passed the House, and is now on the table.

Mr. CLARK. I understand that, but I simply desired to give this notice, since the Senator from Nebraska and the Senator from New York were talking about what would happen in the morning hour on Monday.

Mr. LA FOLLETTE. If the Senator from Nebraska will yield further, I merely wish to say that I made the motion at the request of the Senator from Nevada [Mr. PITTMAN], who was in the chair and could not make the motion in his own behalf. The matter naturally rests in his hands, and I would not presume, under any other circumstances, to initiate any action concerning it; but, so far as I am concerned, I hope it will soon be disposed of.

Mr. FLETCHER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FLETCHER. If the Senate shall adjourn till Monday, the calendar will be in order before the joint resolution may be considered?

The VICE PRESIDENT. That is the rule; on Monday the calendar is in order.

SILVER AND THE DEBTS—ADDRESS BY SENATOR HAYDEN

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed in the RECORD some remarks made by me over the radio December 26, 1932, respecting the acceptance of silver in payment of the British debt.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The average American production of silver for the past 10 years has been 58,000,000 ounces. Nearly all of it is taken from the earth as an incident to mining lead, zinc, copper, and gold. The bonanza silver mines have long since been exhausted. American manufacturers annually consume about 30,000,000 ounces of silver. When compared with billions of dollars of agricultural and other products, the net amount left for export or for coinage shows that, as producers, our people have but a very minor interest in the price of silver. America's concern is not with production, but with the world-wide effect upon commodity prices when more silver is used as money.

In a report submitted to the Senate in February 1931 Senator KEY PITTMAN pointed out that silver is the only money used by half of the people of the world. The people of the Orient who use silver are large purchasers of American products. Cutting its price in half reduced their purchasing power. The great decline in the price of silver early in 1929 preceded the economic crash in the fall of that year. Silver led the parade toward panic. There is a safe and sound way whereby silver can help lead the world back to prosperity.

SILVER AND COTTON

Let me illustrate the effect of a low price for silver on one American agricultural product. Before 1929, when silver was 60 cents an ounce, the Chinese cheerfully paid 12 cents a pound for our cotton. When silver dropped to below 30 cents an ounce, it took twice as much Chinese silver money to buy a pound of cotton. They stopped buying our cotton, which for lack of export glutted the home market until its price declined to 6 cents a pound. At 6 cents the Chinese could again purchase an equal amount of cotton with 30-cent silver as they did when both silver and cotton were worth twice as much. Vast quantities of 6-cent cotton were shipped to China, but it was bought below the cost of production, at a Chinese and not an American price.

Not only have American cotton producers suffered but it is of record that all other exports to the silver-using countries have similarly declined, chief among which are petroleum products, tobacco, and automobiles. In the face of these facts, is it not reasonable to assume that anything done to raise the price of silver will improve our foreign trade and that better export prices will be reflected in an improvement of commodity prices at home?

LOW COMMODITY PRICES SPREAD RUIN

The British note of December 1, asking for a readjustment of the war debt, pointed out a profound truth by stating that the debt represents today, in terms of goods, not less than twice the amount which was borrowed. But this is true of every other debt more than 3 years old due throughout the world. The note truthfully presented the cause of this condition to be the great fall in commodity prices which has spread ruin to producers everywhere. The note expressed the view that the December payment, if made in gold, might further depress commodity prices. It did not say that a failure to pay would do more than hold prices where they are. Postponement was offered as a palliative. With wheat cheaper today than it was in the time of Queen Elizabeth, it is obvious that the only cure is a general increase in commodity prices.

At a severe sacrifice Great Britain has kept faith and paid in gold the \$95,550,000 when due. In depreciated pound sterling it required over \$30,000,000 more of English money to meet the payment than would have been required with the pound at par. Meeting this burdensome obligation in full when the day of payment arrived has won the admiration and respect of the American people.

COMPENSATION FOR MODIFYING DEBT PAYMENTS

There is little, if any, disposition in Congress to unreservedly cancel the foreign debts. There is a strong desire to use a modification of the terms of payment as a definite means of remedying

the economic distress which not only prevails in our own country but throughout the world.

A general reduction in the expenditures for armaments probably now stands first as a welcome reason for scaling down the installments. Any practical formula for lowering the trade barriers which interfere with the normal flow of American exports will likewise be accepted as adequate compensation for reducing the total amounts due. A third proposal, which contemplates utilizing the foreign debts as a means of bringing about a rehabilitation of silver by international agreement, also has sincere congressional support.

These three suggestions for relief from the unparalleled depression which throttles world trade are certain to be advanced by those who will speak for the United States with the representatives of the various debtor nations. The greater use of silver as a handmaiden to gold is not so well understood. That is why I presume to discuss the advantages which may follow from the acceptance of silver in payment of a part of the British debt as a prelude to a still wider and more permanent monetary use of the white metal.

GOVERNMENTS CAUSE FALL

Governments are solely responsible for the great fall in the price of silver. Overproduction was not the reason, because there has been no overproduction. In the last 440 years since the discovery of America less than 14½ ounces of silver have been taken out of the ground for each ounce of gold. Since 1900 the ratio of production of silver to gold has dropped to less than 11 to 1. The decline in price was brought about by artificial means and not by the operation of normal economic laws.

The Government of Great Britain and the British Government for India have been the chief offenders against silver. Great Britain debased her silver coinage in 1920 by reducing its silver content nearly a half. Beginning with that year, according to a report transmitted to the State Department by Ambassador Mellon, over 102,000,000 ounces of silver have been taken out of the British coinage and sold. Handy and Harman, recognized authorities on silver, estimate that since 1927 the British Government for India has sold 131,000,000 ounces of silver derived from demonetized coins. Other countries, particularly France and Belgium, have followed the bad example set by England and India in the "flight from silver."

Since governments alone ruined the price of silver, the governments which are chiefly responsible for its fall can, by retracing the steps they have taken, restore the price of silver to its pre-war and pre-panic level. Great Britain, which started silver on the downward path, and India, which sold silver down to half its former price, should lead the way back to recovery.

PLATFORM PLEDGES

Both the Democratic and Republican national platforms pledge American cooperation in an international effort to restore the use of silver as money. The quickest and most effective international cooperation that the American Government can extend toward the rehabilitation of silver is to accept 100,000,000 ounces of silver in full settlement of \$100,000,000 due from Great Britain upon two conditions. First, that the British Government acquire an equal number of ounces of silver to restore its coinage to its former silver content. Second, that satisfactory assurances be obtained from the British Government for India that no silver owned by it will be sold except to other governments for coinage purposes.

This transaction will take off the market 200,000,000 ounces of silver and utilize the same for coinage. Certainly there should be some favorable effect on the price of silver if an amount equivalent to a whole year's world production is thus legitimately disposed of and the fear of future governmental dumping by Great Britain and India is ended.

RELIEF FOR TAXPAYERS

The British Government for India owes a debt to Great Britain arising out of the World War that now amounts to £16,721,000, which is \$81,422,000 at par of exchange. If that debt could be paid in silver it would be possible not only to relieve the British taxpayers of any expense in meeting a \$100,000,000 payment to the United States but also to restore the British silver coinage to its former fineness without cost to them. Two intergovernmental debts would be settled by the use of the same silver.

If the \$81,422,000 were fully paid by the transfer of 200,000,000 ounces of Indian silver, the price paid by Great Britain for the silver would be 40.7 cents per ounce. In 1931 the British Government for India, which still has a reserve of over 200,000,000 ounces of unencumbered silver, sold 35,000,000 ounces at the market price, which averaged 32 cents for that year. The present market price is around 25 cents an ounce, so that at 40 cents the Indian Government would be well paid for its silver.

But it will be said that the United States is accepting silver worth only \$25,000,000 at the present all-time low price in payment of a \$100,000,000 debt. That is true on its face, but, since there is not an ounce of silver in a dollar, 100,000,000 ounces of silver can be coined into 129,299,000 dollars which the American people will be glad to accept at par in these hard times. Such dollars, or silver certificates issued against them, will serve our Government just as well as though the British payment were made in gold. There will be no added burden to the American taxpayer.

MILD INFLATION

Some will say that this means inflation of the currency and so it does, but only a mild inflation. I now propose to accept silver

for only one payment from Great Britain because one payment is sufficient to accomplish the purposes sought, which are to again make the British silver coinage "honest money" and to remove the menace of further open-market silver sales by India.

Let me remind those who worry about inflation and the maintenance of the gold standard that in 1900, when Congress provided that all forms of money should be maintained at a parity with gold, the American stock of monetary gold was just a little over \$1,000,000,000 and the stock of silver was about \$650,000,000. Today we have approximately \$4,000,000,000 in gold and only about \$850,000,000 in silver money. The United States could now absorb over a billion dollars of silver into its monetary system and still have less silver in proportion to gold than we had in 1900. To take one payment in silver on all of the foreign debts would mean but a moderate inflation and in no sense threaten the maintenance of the gold standard.

INTERNATIONAL AGREEMENT NEEDED

I freely admit that for the United States and Great Britain to coin 200,000,000 ounces of silver is no permanent solution of the world's monetary problem. It would help restore the price of silver to a level comparable to that which existed before England and India began dumping it on the market, but more permanent measures must be adopted. The stabilization of silver can best be accomplished by an international agreement to which it is essential that the two Governments shall be parties.

In President Hoover's message to Congress last week recommending preparation for discussions with the several nations respecting their indebtedness to the United States and in anticipation of the World Economic Conference, the President said:

"While the gold standard has worked badly since the war, due to the huge economic dislocations of the war, yet it is still the only practical basis of international settlements and monetary stability so far as the more advanced industrial nations are concerned. The larger use of silver as a supplementary currency would aid to stability in many quarters of the world."

It is well recognized that there can be no permanent increase in commodity prices throughout the world when 26 nations are off the gold standard and the value of their currencies vary from day to day. On invitation of the British Government, the World Economic Conference will be held in London next spring or summer and a return to the gold standard will be one of the most urgent and most vital problems considered. This time of stress has proven that there is not gold enough in the world to serve as money for all the world, hence the numerous departures from that standard.

SERVICE OF SILVER

For over 3,000 years of recorded history silver has helped to perform part of the service rendered by money to mankind. There are men now living who can remember when silver was demonetized in 1873. Within the past 12 years the worst damage has been done to its use as money. It is not possible that we have been too hasty in discarding the wisdom of the ancients by scorning silver as money and even as a value-storing commodity? Why not consider how silver can be used to help get 26 nations, among them Great Britain, away from fluctuating paper currencies and back to the gold standard?

Certain fundamental facts must be recognized as the basis for any international monetary conference. The first is that in all history no nation which sought to pay its debts by printing paper money has known just when to stop the printing presses. The American continental currency and greenbacks, the French assignats, and the German marks are typical examples. The only way to pay is with goods and services or with a metal that all nations can use as money. The fault of managed money is that the management is prone to make mistakes.

I quote Joseph Caillaux, ex-Premier and former Finance Minister of France, in saying that:

"Man cannot, in the present state of his knowledge, establish a sane monetary system which has not at its foundation a metallic mass. We think that to gold, whose scarcity we fear, we must add silver."

TOTAL MASS OF GOLD

The total metallic mass of monetary gold, used as the most important yardstick to measure values, is estimated to be 580,551,000 ounces, valued at \$12,000,000,000. If melted into one cube, it would be about 32 feet square on each face.

The amount of silver is also limited. I have checked the figures of experts and am convinced that there is not available for possible use as money more than 7,500,000,000 ounces of silver in the entire world. Seven and one half billion ounces of silver would make 9,108,500,000 standard silver dollars.

It will thus be seen that if by international agreement all the available silver in the world were added to all the available gold in the world, the metallic mass that could be used as money would not be doubled. The base upon which the monetary structure rests would be broadened, but time has shown that nature has fixed quite definite limits to its expansion which man cannot change.

MONETARY CONFERENCE

The first result to be accomplished by an international monetary conference is that the governments of Europe shall agree to restore their subsidiary silver coinage to the basis which existed prior to the World War and by annual purchases keep an adequate supply of that kind of money available to their people. As I have said, Great Britain needs approximately 100 million ounces of

silver for such purpose. In France and in her colonies and mandates at least 100 million ounces of additional silver could readily be used as money.

Last June, at my request, inquiries were made, through the Departments of State and Commerce, of all of the countries indebted to the United States to ascertain how far they have departed since the World War from the customary use of silver coinage. The replies in every instance show that there is no debtor nation which cannot legitimately make use of much more silver in its coinage. None of them are minting silver coins of pre-war fineness.

SUPPLEMENTAL RESERVE

The second way that nations which are now or have been on the gold standard can stabilize the price of silver and make that metal carry part of the burden now borne by gold is to return to its use as a supplemental reserve against issues of paper money. In the United States Treasury today there are over 400 million silver dollars against which silver certificates circulate at par.

The silver in which they are redeemable is doing the work of gold. The present per-capita circulation of silver certificates is over \$2.50. If each of the debtor nations would gradually use, as a reserve against paper money, the equivalent of \$2.50 in silver for each of their inhabitants, just as the United States now does, more than 500,000,000 ounces of silver would be required.

It has been estimated by Mr. Francis H. Brownell, of the American Smelting & Refining Co., that, taking into consideration the normal demand for silver by oriental peoples, who have for many centuries used it as a store of value, only about 20,000,000 ounces, or one tenth of the new production, will have to be used by governments each year. All that is needed is to treat silver in approximately the same way that governments acted toward it prior to the World War and the price of that metal can be readily increased and stabilized. But great nations must act in unison.

PREPARATION ADVOCATED

We know that before long there is to be an international meeting where the monetary problems of the world are to be discussed. I propose that the English-speaking peoples prepare themselves for that meeting by direct negotiations through existing agencies of diplomacy to improve the position of silver as money. The United States, Great Britain, Canada, India, Australia, New Zealand, the Irish Free State, and the Union of South Africa can do more for silver than all the rest of the world combined.

Let the United States, Great Britain, and India make their intergovernmental debts a reason for the transfer of 200,000,000 ounces of silver to show that powerful governments still have use for that metal. Let the self-governing dominions of the British Empire join in a greater utilization of silver as money. When the world economic conference meets, there will be no groping about for a plan. The plan will be made. There will be behind it the prestige of nations of such commercial power that the course of action they have agreed upon to meet an unprecedented monetary and economic crisis will be gladly followed by the rest of the world.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. I yield.

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are in order.

Mr. BULKLEY. From the Committee on Commerce I report favorably the nomination of Raymond S. Patton, of Ohio, to be Director of the United States Coast and Geodetic Survey, for a term of 4 years beginning April 29, 1933, vice himself.

The VICE PRESIDENT. The nomination will be placed on the calendar.

DIRECTOR OF THE MINT—NELLIE TAYLOR ROSS

The VICE PRESIDENT. If there be no further reports of committees, the calendar is in order.

The Chief Clerk read the nomination of Nellie Tayloe Ross, of Wyoming, to be Director of the Mint.

The VICE PRESIDENT. Without objection, the nomination is confirmed, and, without objection, the President will be notified.

That completes the calendar.

ADJOURNMENT TO MONDAY

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate adjourn until 12 o'clock noon Monday.

The motion was agreed to; and (at 7 o'clock and 3 minutes p.m.) the Senate adjourned until Monday, May 1, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 28 (legislative day of Apr. 17), 1933

ENVOY EXTRAORDINARY AND MINISTER Plenipotentiary

Warren Delano Robbins, of New York, now Chief of the Division of Protocol, Department of State, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Canada.

GOVERNOR OF PUERTO RICO

Robert Hayes Gore, of Florida, to be Governor of Puerto Rico.

CONFIRMATION

Executive nomination confirmed by the Senate April 28 (legislative day of Apr. 17), 1933

DIRECTOR OF THE MINT

Nellie Tayloe Ross to be Director of the Mint.

HOUSE OF REPRESENTATIVES

FRIDAY, APRIL 28, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Ever-blessed Father in Heaven, sheltered again by Thy merciful providence, bless and sustain us by the life and the light within. Commune with each heart that all may have strength in the good and power to resist the evil. Mark out and direct our paths, and by Thy grace divine may we be able to sincerely understand that we are masters of our souls. Awaken the divine in us, and may we be inspired with faith in the truth, faith in justice, and faith in the American people. Almighty God, help us to add wisdom to wisdom, earnestness to earnestness, endeavor to endeavor so that in the sight of heaven and earth this Congress may legislate wisely, faithfully, and justly. Amen.

The Journal of the proceedings of yesterday was read and approved.

AMERICA LIBERATING THE PHILIPPINES

Mr. OSIAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. OSIAS. Mr. Speaker, under unanimous consent to extend my remarks in the RECORD I insert the following address delivered by myself on April 27, 1933, over station WOR in New York City, on America Liberating the Philippines:

Ladies and gentlemen of the radio audience, as an official representative of the Philippines in this country, I am privileged to convey over Station WOR the Filipino people's message of good will and gratitude to the people of the United States.

I elected to speak on a timely subject, "America Liberating the Philippines." It is just now, and for the next few years should be, of vital interest to the whole world.

The genesis of American-Filipino relationship dates back to the war which in 1898 America waged against Spain avowedly for the liberation of peoples oppressed and dependent. As a result of that war Spain was compelled to cede her sovereignty over the Philippine Islands to the United States.

Soon after the signing of the treaty of peace in Paris, President McKinley decided to send the first Philippine Commission to the islands. In his instructions of January 20, 1899, he expressed

the hope that the members would be received as bearers of "the richest blessings of a liberating rather than a conquering nation."

Dr. Jacob Gould Schurman, who was president of that commission, gave solemn assurance that "the political emancipation of the Filipinos was the controlling object with the President and people of the United States."

Speaking of America's motives and objects, Dr. Schurman later said:

"Our purpose was not selfish, it was humanitarian; it was not the vanity of self-aggrandizement, it was not the greed of power and dominion; no, no; not these, but altruism caring for the happiness of others, philanthropy relieving the Filipinos of oppression and conferring on them the blessings of liberty."

The liberation of the Philippines as an objective has been promised by every President from McKinley and by the Congress. It is the alpha and omega of America's colonial experiment in the Orient.

The Philippines is a tropical country blessed with rich and abundant natural resources. It has an area of 115,000 square miles or about the size of all the New England States and New York combined. Agriculture is the basic industry of the people now numbering over 13,000,000. My country can comfortably be the home of fifty or sixty million.

The Filipinos are essentially of Malayan ancestry. Racially they are a homogeneous people. Inheritors of an oriental culture, their civilization has been enriched by the impacts of Latin and Anglo-Saxon influences.

The Filipinos are lovers of education. They had a college as early as 1601 and a university as early as 1611. Parents make every sacrifice for the training of their children. There are in the islands today some 8,500 schools and colleges and 5 universities. There are over 31,000 teachers and about one million and a half pupils and students. Thirty percent of our budget goes to the support of popular education. The record of literacy in the Philippines is higher and better than that of 37 countries that are independent.

We are a Christian people. The last official census shows that 5 percent of the inhabitants are pagans, 4 percent are Mohammedans, often referred to as Moros, and 91 percent are Christians. The alleged danger from the Moros, or our Mohammedan brethren, is mere fiction—a bugaboo.

In the last three decades the Philippines has witnessed remarkable progress. An excellent school system has been established with English as the basis of instruction. An educated Filipino knows three or more languages. Peace and order have existed throughout the archipelago. Health and sanitation have been improved. Mortality has been reduced. Roads, bridges, port works, irrigation systems, and other public improvements have been constructed. Means of transportation and communication and inter-island shipping have been developed. A program of conservation, forestation, and reforestation has been followed. The national wealth and production, trade, and commerce have increased. Justice has been administered without fear or favor through a unified system of courts. The legislature has made a commendable record. From the implantation of civil administration in 1901 the Philippine government has been self-supporting. Our budget has been balanced. While the currencies of most countries have greatly depreciated, the Philippine money has remained at par and the country's currency continues on a sound gold-exchange basis. In a word, we have established and maintained a stable government.

The Congress of the United States has recognized that the time has come for definite action on the question of Philippine independence. Following the passage of the Organic Act of 1902 "temporarily to provide for the administration of the affairs of civil government in the Philippine Islands", and the Autonomy Act of 1916, the Seventy-second Congress, despite strong opposition, on January 17, 1933, passed the Philippine Independence Act. I do not hesitate to say that this congressional action is the greatest and most important fact in the entire history of American-Filipino relations.

What have the Filipinos been petitioning Congress these many years? What has America granted the Filipinos in the Philippine Independence Act? I shall employ the remaining minutes to answer these and indicate the important provisions of the act.

The new law is an independence law. It is an act that provides for the withdrawal of American sovereignty over the Philippine Islands. It is America's response to the repeated petitions of the Filipinos for the early grant of their independence.

The Philippine Independence Act is to take effect upon acceptance "by concurrent resolution of the Philippine Legislature or a convention called for the purpose * * *." It is in the hands of the Filipino people to give effectivity to its provisions and set in motion the processes and mechanism contemplated by the act.

The Philippine Legislature, as early as 1922, asked the Congress "for authority to call and hold a constitutional convention." The Congress passed the act "to enable the people of the Philippine Islands to adopt a constitution" for a government of the Philippine Commonwealth "within 1 year after the enactment of this act", and, a few years later, an amended constitution for the Philippine Republic.

The Filipinos have long clamored for increased autonomous powers. The act provides for the inauguration of an autonomous Commonwealth government after the President has certified that the constitution conforms with the provisions of the act, and the Filipinos have ratified the constitution and elected the necessary officials.

The Filipinos have been demanding the Filipinization of the government service. This can be achieved effectively and quickly

by the acceptance of the act and the inauguration of the new government without unnecessary delay. Filipinization may be effected in three coordinate branches of the government.

America, by this act, offers the transfer of property and rights acquired in the islands, with certain reservations, to the government of the Commonwealth.

Congress, by this act, makes an immediate grant of a preliminary and partial Philippine sovereignty. In the words of one of the authors of the act, the "Commonwealth of the Philippines will be a semi-sovereign and semi-independent republic." Under it we shall enjoy "virtually complete self-government." Ten years of such a government will be automatically followed by the "final and complete withdrawal of American sovereignty over the Philippines."

The act contains certain immigration and trade restrictions which have been criticized by some but insisted upon by others clothed with the power to decide. The limitation on sugar in the amount of 850,000 tons has aroused considerable discussion. The sugar men in the islands contend that the quota is too low. The sugar men in the United States say it is too high. A former President wanted it at 600,000 with yearly reduction of 10 percent. The United States Senate reduced the amount to 615,000 tons. The House quantity limitations were restored by the conference committee. Some compromise had to be effected. The graduated export tax during the last 5 years will help in the discharge of our bonded indebtedness.

The act vests powers in the President and provides for a high commissioner as the President's representative during the life of the government of the Commonwealth. Some in the Philippines contend that the powers are excessive, while others in the United States believe they are too limited and inconsequential.

The act provides that the President of the United States, not later than 2 years after the grant of independence, may redesignate certain reservations from those heretofore possessed as such by the United States. This has been criticized by some of my own countrymen. As a Filipino, I want to say (1) that this provision is optional, not mandatory; (2) that the Filipino leaders have made official commitments of approval or acquiescence as to America's retaining coaling stations and military or naval bases; and (3) some Americans oppose the retention of any bases in the Philippines once she is independent.

The act provides for a trade conference between representatives of the American and Philippine Governments "at least 1 year prior to the date fixed in this act for the independence of the Philippine Islands." This provision has been overlooked by many critics of the act. It can and should be taken advantage of for the adjustment of trade relations on the basis of equity and mutuality of interests.

The act contains a provision requesting the President "to enter into negotiations with foreign powers with a view to the conclusion of a treaty" for neutralization. Some in the United States and in the Philippines favor neutralization, while others oppose it. Filipino leaders on more than one occasion have asked for neutralization.

The most important thing about the new act is that it solves the independence question on an American-Filipino basis. It grants independence upon a day fixed and certain. Once the law is accepted and the government of the Commonwealth is inaugurated American sovereignty shall be withdrawn from the Philippine Islands and independence granted on the 4th day of July immediately following the 10-year period. This is the definite understanding of the Resident Commissioners, the authorized constitutional representatives of the Philippines in Congress. It is the understanding of the members of the Philippine Mission who labored with the Commissioners in Washington. It is the intention and interpretation of the authors of the act, Mr. Hare in the House and Senators Hawes and Cutting in the Senate. It is the interpretation of those who were most friendly to the cause of independence and have worked and voted for the act in both Houses of the Congress. It is likewise the interpretation of President Hoover and his administration, as attested by his message of January 13, 1933.

It is hardly necessary that I make known my stand after having labored for the measure in Congress and advocated its passage. That there may be no doubt, I wish to say that I am for the Philippine Independence Act and recommend its acceptance. I believe that it is in the main a fair, just, and reasonable act.

Should anybody ask if the act is 100 percent perfect, my answer is, "Of course not." Who so demands perfection in a Philippine independence legislation or takes the position that it must be 100 percent or nothing will never get an independence law. I am essentially an idealist, but I am not blind to the realities of earthly life.

There must be faith on both sides. Without faith, little or no good can be accomplished. I am not unaware that there should be further improvements in American-Filipino relations. But I know that the Congress in enacting the Philippine Independence Act was not actuated by base motives as alleged by imperialists on both sides of the Pacific. I know that the act was piloted to final passage by friends of independence, not by enemies of it. I know that many of the very friends of Philippine independence will be disillusioned if the bill which they have so patiently and unselfishly helped to translate into a Philippine independence act will be set at naught by its rejection.

It is my considered judgment that this new charter of liberty, this American offer of autonomy and independence, should be accepted. In its acceptance lies the national redemption of the Philippines. A wise and statesmanly action on the part of the

Filipinos will enable them to retain the faith, respect, and friendship of the Government and people of the United States.

I believe that, after the acceptance of the act, such flaws or defects as it may have can be mitigated or remedied (1) through the constitution that we shall formulate and adopt; (2) through sympathetic administration; (3) through negotiations; and/or (4) through perfecting amendments.

The radio time allotted does not permit detailed discussion of each of these methods of effecting improvement.

Before closing I wish to thank my listeners for their attention and their interest. Let me give the assurance that the Filipino people appreciate the good that America has done in the Philippines. For the Independence Act passed by the Congress by which the Philippines will shortly be liberated, I am grateful beyond words.

I am a disciple of the philosophy of suffering and sacrifice. Such hardships as the new law may occasion my people will, I dare say, be no greater or more severe than those now being suffered by a large portion of mankind in this era of great travail. But if God wills that they be so, it should be deemed as His wondrous way of making a people ascend their calvary in order to have a better vision of the glory that shall be.

To those whose vision is not dimmed, there is glory enough in the fact that there has been no shedding of precious blood in America's manner of liberating the Philippine Islands.

PERSONAL EXPLANATION

Mr. FULLER. Mr. Speaker, I ask unanimous consent to proceed for half a minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. FULLER. Mr. Speaker, in the discussion of Senate Joint Resolution 13 on Wednesday last I made the statement that the gentleman from Oregon had agreed not to introduce his resolution. I find that I was mistaken about that. His agreement was that he would not offer it and insist upon it before the committee. I make this statement, because it might be construed from what I said then that he sought to break faith with the committee, which he did not do.

LOANS TO HOME OWNERS

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 5240, with Mr. DRIVER in the chair.

The CHAIRMAN. At the conclusion of the session yesterday, debate on the section then pending and all amendments thereto was ordered closed in 30 minutes. The pending amendment was offered by the gentleman from Missouri [Mr. COCHRAN].

Mr. HASTINGS. Mr. Chairman, I ask unanimous consent that the amendment be again reported.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection, and the Clerk read as follows:

Amendment by Mr. COCHRAN of Missouri: Page 7, line 17, after the word "cash", strike out the words down to and including "encumbered", in line 20, and insert in lieu thereof the words "to home owners."

Mr. BUSBY. Mr. Chairman, I ask recognition on the amendment.

Mr. Chairman, our able Chairman of the Committee on Banking and Currency does not need it, but I should like to say a word in behalf of him, since the argument rose to somewhat heated proportions just before we closed on yesterday.

I think the Chairman of the Committee on Banking and Currency should have at least a degree of our sympathy, because he and our committee have been given a task that is absolutely impossible of performance. If we should utilize all of the powers that have been given and that have been proposed to raise funds, we would not have more

than six or seven billion dollars to do all of these things that we hope may be done through the Reconstruction Finance Corporation and the other legislation that has been proposed. If you look at the other side of the picture, you will see that during the last 2 or 3 years the incomes of the people of this country have been cut by the depression to the extent of more than \$100,000,000,000. That is why it seems the pinch is so pressing. You will find that the properties of people have been reduced in amount one hundred and fifty to two hundred billion dollars in market value during the past 4 years, and that is why this task of using six or seven billions is so impossible of performing the things that we want done.

Now, we want direct loans. We would like to vote a provision which would authorize the Government to make those loans direct, but there are \$22,000,000,000 of debts, mortgages, or loans to the home owners alone, when there are but two billion proposed in this bill to relieve the distress. You can search the whole picture and you will see that for this type of legislation to give the relief desired is impossible when it comes to carrying forward sufficient relief that we hope to bring to the people.

RAISE COMMODITY AND PROPERTY VALUES ONLY REAL RELIEF

There is but one way we can do the thing we are trying to do, and it is not by this kind of legislation. It is by correcting general conditions so as to bring back to the people a degree of prosperity through the general uplift of the country, and that is the only way. Until we do that we will be haggling here as to whether we will grant direct loans or whether we will grant them through certain organizations, and none of this, my friends, will be effected, because the amount of power in loans we are trying to use cannot perform the task we are undertaking to perform with it.

So I say our Chairman of the Banking and Currency Committee is entitled to have you consider the whole picture before you say to him and before you say to our committee, "You are not doing the thing you ought to do." How can we sell the credit of this country in the form of bond issues and raise enough funds through the national credit to relieve all private obligations? It is impossible of performance. The National Government cannot give employment to the people of this country. It will have to be done by private business, but private business cannot give that employment as long as it lies prostrate on its back, because we do not have the circulating media in this country to carry forward the functions of business.

WE MUST HAVE CURRENCY AND RESTORED BANK CREDIT

Our circulating media is not performing more than 25 percent of its normal work. When we have more currency—coined or issued legal tender—or restored bank credit, when we have restored a working bank credit, and when those things that make up our exchange-media machine are put back to work and we begin to use them in a normal sort of way, you will not hear anything of this type of legislation. It is emergency legislation that will not work effectively or satisfactorily to but a few. All of these loan arrangements cannot bring us the relief we have been looking for, and I ask you not to lay the blame on the chairman of our committee or on the Committee on Banking and Currency, but help us in a general and broad way to stand back of and enact a broad currency expansion program of legislation that will restore a condition of prosperity and that will help in a substantial, general sort of way.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. BUSBY] has expired.

Mr. GOSS. Mr. Chairman, I offer an amendment, which is on the Clerk's desk.

The CHAIRMAN. The amendment will be withheld, but the gentleman is recognized for 5 minutes.

Mr. GOSS. May the amendment be reported?

The CHAIRMAN. The Clerk will report the amendment, and it will remain on the desk.

Mr. O'CONNOR. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'CONNOR. I understand there is an amendment pending. The Cochran amendment is pending.

Mr. GOSS. But the time has been limited, and the only way I can explain my amendment is by taking it up during this 30 minutes that has been allowed.

The CHAIRMAN. The Chair will ask the Clerk to report the amendment.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 8, line 4, strike out the subsection (f) and insert in lieu thereof the following:

"The Corporation shall have power to employ and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, with due regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States, except wherein the Board shall certify in writing that persons with the special qualifications desired cannot be so secured. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of members of the Board. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid, subject to such restrictions as the Budget Director or the President of the United States may prescribe. The Corporation shall pay such proportion of the salary and expenses of the members of the Board and of its officers and employees as the Board may determine to be equitable, and may use the facilities of Federal home loan banks upon making reasonable compensation thereof as determined by the Board."

Mr. GOSS. Mr. Chairman, this sounds like a long amendment. However, the fact is I have simply changed three parts of this subsection, and the amendment has just been read as the language will read if the bill is amended in these particulars.

Let me explain the purpose of the amendment, directing attention first to page 8, line 7, wherein the language of the bill reads:

Without regard to the provisions of other laws applicable to the employment or compensation of officers, employees—

And so forth.

This amendment puts the employees of this corporation under existing laws, the language of my amendment being "with due regard to the provision of other laws."

In other words, it would fix the compensation rates of the employees of this corporation as determined by the Classification Act, which is now the law.

The next matter I want to call attention to is that I have taken out the word "select" because that is in reference to the civil-service section, and I have put the qualifying language after the words "United States", in line 10.

In line 16 the language states that the corporation—

shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid without regard to the provisions of any other law governing the expenditures of public funds.

I simply have changed this language by striking out the words—

without regard to the provisions of any other law governing the expenditures of public funds—

And inserting in lieu thereof the following—

subject to such restrictions as the Director of the Budget or the President of the United States may prescribe.

In other words, as long as we are doing away with the provisions of the law governing the expenditure of public funds I thought it only proper to put it under the direction of the Bureau of the Budget as well as of the President of the United States.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. CELLER. I think the original act, the mother act, setting up the Federal Home Loan Board and the Federal home-loan banks, contains, in section 18, exactly the language of the pending bill as it came out of the committee; that is, without regard to the provisions of existing law.

So, if the gentleman's amendment prevails, we would have an inconsistency; that is, this corporation set-up would have to be with limitation, whereas the Federal home loan bank is not.

Mr. GOSS. But this corporation is practically going to take the place of the other corporation, I may say to the

gentleman from New York. I think it is only fair, inasmuch as we are trying to relieve home owners, to give at least a little consideration to the employees who are going to administer this fund; and inasmuch as the Congress has already enacted into law the Classification Act governing the compensation of employees, I think it only fair that the provisions of this act apply to the employees of this corporation charged with the expenditure of the \$2,000,000,000 it will have under its control.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. BOYLAN. The gentleman knows this is emergency legislation. The gentleman knows also that were we to wait for Civil Service examinations, and whatnot, perhaps the exigency necessitating this legislation will have passed.

Mr. GOSS. What I am trying to do here primarily is to have the existing law, as it relates to wages under the Classification Act, apply to the employees of this corporation.

Mr. McCLINTIC. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. McCLINTIC. Would not the effect of the gentleman's amendment be to put all the employees under the classified service?

Mr. GOSS. Yes; it would put them all under the classified service, or under the provisions of any other law that exists, I may say to the gentleman from Oklahoma.

Now, Mr. Chairman, I should like to ask the chairman of the committee if he would be willing to accept this amendment.

Mr. STEAGALL. It would be in direct violation of a recent positive expression of this House.

Mr. GOSS. How, may I ask the gentleman from Alabama, by putting them under the Classification Act it violates the express provisions of any recent bills?

Mr. STEAGALL. A similar provision to that desired by the gentleman was, on motion, stricken out of the last bill we had under consideration.

Mr. GOSS. The gentleman is talking only about civil service. He is not talking about the rate of compensation of the employees. Is not this true, may I ask him? The House passed upon the civil-service question. My amendment applies to the rate of wages to be paid the employees of this new \$2,000,000,000 corporation, and only puts them under existing laws of the Government as determined by Congress in the past.

Mr. ROGERS of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. ROGERS of Oklahoma. Would not the effect of the gentleman's amendment be to continue in employment people already under civil service, rather than permit the employment of those who might not be?

Mr. GOSS. No. It applies the classification wage rates to the employees of this new governmental agency, I may say to the gentleman from Oklahoma. If the bill stands as written, any wage scale may be imposed upon these clerks and other employees.

[Here the gavel fell.]

Mr. PETERSON. Mr. Chairman, I wish to speak on an amendment I have sent to the Clerk's desk.

Mr. Chairman, ladies and gentlemen of the Committee, I shall not use the 5 minutes allotted me. A simple amendment is needed in order to prevent discrimination in the administration of this particular act.

May I say at the outset that I am in accord with the purposes of the act. Properly administered, I believe very much good will come from it, but I am bound to say that in times past acts have been passed by Congress with good intent and good design, but the very intent of those acts has been ruined by the improper administration of the acts.

My amendment provides that, in line 14, on page 7, after the figures "\$15,000," the following words shall be inserted:

No discrimination shall be made against any home mortgage which is upon real estate located in a municipality, county, or taxing district which is in default upon any of its obligations.

You may say there is no necessity of writing these words in the act itself, but I want to safeguard the interests of the property owners in the municipalities, counties, and taxing districts which at the present time may be in default. I may say further that it is not a local provision, applicable to my own State. It is applicable to a great number of the States of the Union at the present time. Having, as we do, municipalities, counties, or taxing districts in 41 States of the Union in default at the present time, I wish to inform the committee that in the application of the previous Home Loan Act municipalities in default and properties in such districts were denied the privileges of the act, and I want to prevent a repetition of that in respect of this act.

I sincerely trust the Committee will concur in this amendment. It is a simple amendment for the purpose of assisting in the administration of the act and preventing those things which will defeat the very purposes of the act in the communities that need its application most. I realize that oftentimes an act passed here is so administered that its purposes are defeated.

Mr. THOM. Will the gentleman yield?

Mr. PETERSON. I yield.

Mr. THOM. Why would the makers of loans under this bill discriminate against a community where bonds have been defaulted?

Mr. PETERSON. They should not.

Mr. THOM. Why would they?

Mr. PETERSON. In times past they have for this reason: They take the position that they do not know what the tax levy will be in that particular community, but I may say that no one knows from year to year what the tax levy will be in any particular community, whether the bonds be in default or whether the bonds mature in the future. However, this has been a far-fetched construction in the application of the principles of the previous act, and I fear it may occur in the future unless the Congress writes into this bill a provision of this sort, and I am pleading today not only for my own State but for the 40 other States that may be in the same position.

Mr. WILCOX. Will the gentleman yield?

Mr. PETERSON. I yield.

Mr. WILCOX. I should like to ask the gentleman if it is not a fact that in the administration of the Farm Loan Act, Federal land banks have in many instances refused to grant loans on farms located in counties or in taxing districts where the bonds of the county or taxing district are in default.

Mr. PETERSON. They have, sir.

Mr. WILCOX. Is it not also a fact that there are now in the United States approximately 1,000 communities that are in default on their public obligations, and if this act should be administered as the Farm Loan Act has been administered there would be 1,000 communities in the United States which would be shut off from participating in the loans provided under this act.

Mr. PETERSON. That is correct.

Mr. WILCOX. And the object of the gentleman's amendment is to remove discrimination against such communities with respect to the benefits of this act.

Mr. PETERSON. Yes; and those communities are increasing in number and involve 41 States.

Mr. STEAGALL. Will the gentleman yield?

Mr. PETERSON. I yield.

Mr. STEAGALL. I am sure the gentleman understands that under the specific provisions of this bill it would be the duty of the administrators of this law to extend accommodations to mortgagors to meet deficiencies in taxes or other liens or charges against homes. This is one of the primary purposes of the legislation.

Mr. PETERSON. Yes.

[Here the gavel fell.]

Mr. REILLY. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I take it that all the members of the Committee are anxious to do everything possible to relieve the

distress of home owners, but the amendment of the gentleman from Missouri [Mr. COCHRAN] would simply open wide the floodgates of this bill and bankrupt the United States.

The gentleman talked about handing the people a gold brick in the home loan bank bill; he would hand them another gold brick in this bill if his amendment should be adopted.

There are \$22,000,000,000 of home-loan mortgages in this country on urban property, \$8,000,000,000 of which is in default. We have no right to pick out any particular home owner and say that we are going to give him a mortgage at 5 percent on 80 percent of value.

Mr. HOEPEL. Will the gentleman yield?

Mr. REILLY. I cannot yield.

And then say to the great masses of the home owners that we have no relief for them.

This bill carries \$200,000,000 for this particular activity, but even taking into consideration the entire appropriation of \$2,000,000,000, you would not get anywhere in trying to relieve the distress of all the home owners.

We are trying to do something for the home owner in this bill, but if you adopt the amendment proposed by the gentleman from Missouri you are going to destroy the whole bill. The President of the United States cannot accept such a measure. It is out of the question for this Congress to say to the people of the United States who have \$20,000,000,000 of city mortgages, "Come on, the United States Government will lend you cash up to 80 percent of the value of your property."

Where are you going to get the money? How are you going to finance such a stupendous operation on the part of the National Government? If we should issue \$20,000,000,000 worth of bonds to take care of our city mortgages we would be entering upon the most stupendous inflation this country has ever known, an inflation that would destroy and wreck the industrial life of our country.

Again, there are 9,000,000,000 of farm mortgages—where are you going to stop in this work, where are you going to end? We all have sympathy with the home owner, but there is a limit beyond which the Government cannot go. This bill is designed to help home owners, the home owner that is distressed from unpaid taxes, and the home owner who can arrange with his mortgagor to take bonds in exchange for his mortgage. There is a limit to what the Government can do on the home-mortgage question. The amendment of the gentleman from Missouri is unworkable and will draw Presidential veto.

Now, as regards the amendment of the gentleman from Connecticut [Mr. Goss], this amendment should be voted down. The pending bill carries the same provision as to clerical help and assistants that the home loan bank bill carried, and the Reconstruction Finance bill. Both of these measures left to the Boards the power of determining as to the personnel necessary to carry out their functioning. I have had no complaint from the method pursued by either of these Boards, and I think the pending bill should be left in this regard as reported by the committee.

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, I rise in opposition to the pro forma amendment. The pending motion of the gentleman from Missouri is the most important that will have been made in connection with this bill. The vote of every Member, whether it comes now or later on the same topic, will be one of the most important that he will have cast in the course of this Congress, because by it he will express his judgment as to whether this particular proposal of the President of the United States ought to become law or should not become law.

If this motion prevails, this bill cannot become law. So every man is now put to the test of whether or not he desires that the proposal of the President, recommendation for which was sent to us by message, shall receive the approval and support of this House. The gentleman from Ohio [Mr. DUFFEY] put in the RECORD this morning some important figures. I commend to your attention the figures on page

2519 of this morning's RECORD, where you may find that the total of the urban-home mortgages in this country is estimated at \$21,450,500,000. The pending amendment, if it succeeds and if it becomes a law, will invite every maker of every home mortgage included in that total to transfer his mortgage to the United States Government. The United States Government by the action of yesterday is not to charge more than 5 percent interest. There are thousands and thousands of mortgages in this country that are carrying 6 percent interest or more. Should you vote for this proposal, and should it prevail, you will invite every one of those mortgagors—and I repeat for the sake of emphasis, in order that you may know what you are doing—to transfer his mortgage from the present mortgagee to the United States Government.

Mr. MAY rose.

Mr. LUCE. I have not the time. I ask you to consider whether you wish at this moment to add somewhere up toward \$20,000,000,000 more to the debt of the United States, in the shape of outstanding obligations of one of its agencies, with interest guaranteed. It may not be \$20,000,000,000, but dare you add even \$10,000,000,000 more on top of what we have now?

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. STEAGALL. And I call the gentleman's attention to the fact that there are only \$200,000,000 of cash capital provided in this bill for this corporation. How could they take care of eight or ten billion dollars worth of distressed mortgagors?

Mr. MAY. Mr. Chairman, will the gentleman yield to me now?

Mr. LUCE. I regret that I have only a moment, but if the gentleman will make it snappy I yield.

Mr. MAY. The gentleman from Massachusetts will remember that in the very closing days of the last session of Congress I introduced an amendment to the other home-loan bill making it possible for a home owner to deal directly with the corporation.

Mr. LUCE. I cannot yield any more. I wish I had a louder voice and stronger lungs that I might more emphatically condemn fastening on this bill the sort of thing that was put on the bill last year.

Mr. MAY. Then why do you name this bill "the Home Owners Loan Act of 1933" in the very first section of the bill?

Mr. LUCE. Because that is what it is for. It is for the home owner who can give security, who is in distress, and who cannot now get relief. We are not doing anything for the man who can now get relief, but we are doing something for the man who cannot. Gentlemen who vote for this motion will vote to destroy the bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time has expired on the section and all amendments thereto. The question is on the amendment offered by the gentleman from Missouri [Mr. COCHRAN], which the Clerk will again report for information.

The Clerk again reported the Cochran amendment.

The CHAIRMAN. The question is on the amendment of the gentleman from Missouri.

The question was taken; and, the Chair being in doubt, the Committee divided, and there were—ayes 77, noes 118.

Mr. COCHRAN of Missouri. Mr. Chairman, I demand tellers.

Tellers were ordered, and Mr. STEAGALL and Mr. COCHRAN of Missouri were appointed tellers.

The Committee again divided, and the tellers reported ayes 77, noes 133.

So the amendment was rejected.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amend H.R. 5240 by adding to section 4 (d) the following paragraph:

"The Corporation shall appoint in each State a board of conciliation, consisting of not more than five members, who shall serve without pay. It shall be the duty of said State boards of conciliation to appoint or designate a suitable number of local boards of conciliation in their respective States, who shall also serve without pay. It shall be the duty of such State and local boards of conciliation to bring about between home mortgagors and mortgagees and lien holders an exchange of bonds for home mortgages, as herein provided, wherever it may be found practical to do so, considering the interests of all parties."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from North Carolina.

The question was taken; and on a division (demanded by Mr. HANCOCK of North Carolina) there were—ayes 32, noes 62.

So the amendment was rejected.

Mr. STOKES. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. STOKES: Page 5, line 3, after the word "thereof", strike out all of the remainder of line 3 down to and including line 8 to the words "the Corporation."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 5, line 16, strike out the comma after the word "it" and insert "or as provided in subsection (e) of this section."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 40, noes 71.

So the amendment was rejected.

Mr. TRUAX. Mr. Chairman, I offer an amendment, which is on the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. TRUAX: Line 7, page 9, after the word "advance", insert the following:

"STAY OF PROCEEDINGS"

"SUBSECTION 1. If on or within 1 year after the day this act takes effect any owner of real property occupied by such owner is unable to pay, and is in default in the payment of, either principal or interest of any debt secured by a mortgage on such real property, or of taxes the nonpayment of which constitutes a default under such mortgage, such default shall constitute an act of bankruptcy and such owner of real property being therefore unable to pay his or her debts as they fall due shall be deemed insolvent and a bankrupt for the purpose of this act.

"SEC. 2. No proceeding to foreclose or otherwise to enforce any claim against or out of the real property of such owner and no sale on foreclosure, execution, or otherwise shall be instituted, further prosecuted, held, or made on or within 1 year after the day this act takes effect except upon petition in bankruptcy duly filed in a court of the United States pursuant to the act of July 1, 1898, entitled 'An act to establish a uniform system of bankruptcy throughout the United States', as heretofore amended."

Mr. GOSS. Mr. Chairman, I make a point of order that the amendment is not germane to this section.

The CHAIRMAN (Mr. DRIVER). The Chair will hear the gentleman from Ohio [Mr. TRUAX] on the point of order.

Mr. TRUAX. Mr. Chairman, in the preceding lines of subsection (g) provision is made in this act to redeem or recover homes lost by owners by foreclosure or forced sale, by a trustee under a deed of trust, within 2 years prior to such exchange or advance.

The amendment I have offered seeks to protect those whose homes will be foreclosed during the interim in which they might secure benefits under this act. This amendment is constitutional. The Congress has absolute control—

Mr. GOSS. Mr. Chairman, I make the point of order that the gentleman is discussing the amendment and not the point of order.

The CHAIRMAN. The Chair assumes it is necessary to make an explanation of the amendment in order to understand whether or not it is germane.

Mr. TRUAX. Under the plenary powers of Congress over the bankruptcy laws of this country, the Congress has the

authority and power to declare what group of persons or individuals may be classed as bankrupts for the purpose of this act. The Congress also has the power to throw its arm of protection about any group of people whom it may class—

Mr. GOSS. Mr. Chairman, I insist the gentleman is discussing the amendment and not the point of order.

The CHAIRMAN. The Chair is of the opinion that it is necessary for the gentleman to explain the purport of the amendment and its application to this particular section to which it is directed, in order that the Chair may properly understand the nature and purpose of the amendment. The gentleman will proceed.

Mr. TRUAX. Mr. Chairman, the whole purpose of this act, as stated by the proponents, the Chairman of the Committee on Banking and Currency and the members of that committee, is an emergency act for the immediate relief of distressed home owners. I deny that this is an emergency act. I deny that it will in any large measure—

Mr. LUCE. Mr. Chairman, I wish to direct the attention of the Chair to the fact that the gentleman has not yet said one word as to the point of order.

The CHAIRMAN. The gentleman will confine himself to the point of order raised against the amendment.

Mr. TRUAX. Mr. Chairman, in my judgment, it is absolutely necessary to explain the purposes of the act in order to explain the germaneness of this amendment to this subsection of the bill. I would say, moreover, that every time a suspension of foreclosure has been presented in this House we are immediately confronted with the old alibi of unconstitutionality.

Mr. LUCE. Mr. Chairman, I greatly regret to insist, but if this practice is permitted, it would be possible for any Member, on the basis of a point of order, to discuss the merits of the matter for an hour.

The CHAIRMAN. The gentleman is correct about that, and his objection is well taken, and the gentleman from Ohio will confine his remarks to the point of order.

Mr. TRUAX. Mr. Chairman, I make the point of order that it is germane. [Laughter and applause.]

Mr. Chairman, I frankly admit that as a new Member of this House, and coming from the rolling prairies of the great State of Ohio and being a hog farmer, I have not the experience nor the ability to discuss this point of order that my friend from Massachusetts [Mr. LUCE] has. However, I would say to the Chair that in view of the distressing circumstances of these home owners, in view of the fact that one of the learned jurists of this country—

The CHAIRMAN. The gentleman is not confining his remarks to the point of order. Some latitude is allowed, but I think the gentleman has gone far enough.

Mr. TRUAX. May I be permitted to tell what the amendment does?

The CHAIRMAN. That would be arguing the amendment. The point of order is whether or not it is germane. The explanation which the gentleman has made explains the purpose of the amendment as directed to this section.

Mr. O'CONNOR. Mr. Chairman, I submit the gentleman is entitled to explain what his amendment does for the purpose of showing the germaneness to the section of the bill.

The CHAIRMAN. The Chair has so stated, and has heard the gentleman; but the Chair is asking the gentleman to confine his remarks to the germaneness of his amendment.

Mr. TRUAX. I will try to do so. This amendment is drafted on the theory that Congress has the power under the Constitution to define bankruptcy and determine under what circumstances a particular class of persons are bankrupts.

Having determined that the members of a particular group are bankrupts, Congress has power to protect them and to compel mortgagees to proceed against them and their property only through the regular channels prescribed by the Federal bankruptcy court.

The amendment also proceeds upon the further assumption that the Congress has power to authorize Federal and

State courts to enjoin the violation of this amendment and thereby to stay proceedings by way of foreclosure, Congress having in this condition and under the bankruptcy clause of the Constitution the further power by appropriate measures to prevent the bankruptcy courts of the United States from being flooded with a tide of bankruptcy proceedings.

Mr. GOSS. Mr. Chairman, in view of the information we have had, I withdraw the point of order.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was rejected.

Mr. SWANK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SWANK: Page 4, line 3, strike out the word "Corporation" and insert in lieu thereof the words "Treasury Department", and strike out the word "bonds" and insert in lieu thereof the words "Treasury notes."

Page 4, line 5, strike out the word "sold" and insert in lieu thereof the word "used."

Page 4, line 6, strike out the words "or exchanged" and the three first words in line 7.

Page 4, line 7, strike out the word "bonds" and insert in lieu thereof the word "notes."

Page 4, line 8, after the word "prescribe", insert a period and strike out the remainder of subdivision (c) down to and including the word "paid" in line 25.

Page 4, line 25, strike out the word "bonds" and insert in lieu thereof the word "notes."

Page 5, line 1, strike out the word "Corporation" and insert in lieu thereof the words "Treasury Department."

Page 5, line 3, after the word "exempt", strike out the words "both as to principal", and in line 4, strike out the words "and interest."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was rejected.

Mr. MAY. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MAY: On page 5, line 2, after the word "instrumentalities", insert the following: "and direct obligations."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The amendment was rejected.

Mr. BRUNNER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BRUNNER: Page 6, line 6, after the word "case", strike out the figures "\$10,000" and insert in lieu thereof "\$12,000."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. COCHRAN of Missouri. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: Page 5, lines 1, 2, and 3, after the word "subsection", strike out the following: "shall be instrumentalities of the United States and shall so state on the face thereof, and", so that the sentence will read as follows:

"The bonds issued by the corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority."

Mr. CELLER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. CELLER. As far as I could gather from the reading of the amendment, it is similar to an amendment already acted on, offered by the gentleman from Kentucky, to the effect that the bonds shall be direct obligations of the United States Government.

The CHAIRMAN. The Chair overrules the point of order.

The question is on the amendment offered by the gentleman from Missouri.

The amendment was rejected.

Mr. GOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GOSS: Page 8, line 4, strike out subsection (f) and insert in lieu thereof the following:

"The corporation shall have power to employ and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, with due regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States, except wherein the Board shall certify in writing that persons with the special qualifications desired cannot be so secured. So such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of members of the Board. The corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid, subject to such restrictions as the Budget Director or the President of the United States may prescribe. The corporation shall pay such proportion of the salary and expenses of the members of the Board and of its officers and employees as the Board may determine to be equitable, and may use the facilities of Federal home-loan banks, upon making reasonable compensation thereof as determined by the Board."

Mr. BOYLAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BOYLAN. The gentleman from Connecticut introduced an amendment practically similar to the one he now proposes, and the House, after due deliberation, rejected his amendment. He now proposes practically the same amendment.

Mr. GOSS. Mr. Chairman, I should like to be heard on the point of order. I merely had the amendment read for the information of the House previously.

The CHAIRMAN. The point of order is overruled. The amendment was read only as a matter of information and not for consideration by the House at the time.

The question is on the amendment offered by the gentleman from Connecticut.

The question was taken, and on a division (demanded by Mr. GOSS) there were—ayes 34, noes 72.

So the amendment was rejected.

Mr. LANZETTA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LANZETTA: Page 7, line 12, after the word "dwelling", strike out everything down to the period on page 7, line 14, and insert the following: "apartment or tenement building used by the owner as a home and by some of the tenants as and for living quarters, or held by him as his home-stand, and having a value not exceeding \$20,000."

The CHAIRMAN. The question is on the amendment of the gentleman from New York.

The question was taken, and on a division (demanded by Mr. LANZETTA) there were—ayes 6, noes 71.

So the amendment was rejected.

Mr. HOEPEL. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HOEPEL: On page 6, strike out the last two words in line 7, all of line 8, and the first word in line 9; and in lieu thereof insert the following: "at the time of execution of the mortgage encumbrance."

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. CARPENTER of Kansas. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CARPENTER of Kansas: Page 5, line 3, after the word "thereof", strike out the remainder of subsection (c) providing that the bonds therein provided for shall be tax exempt.

Mr. BROWN of Kentucky. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. BROWN of Kentucky. This is the section of the bill with respect to the tax-exempt feature of these bonds, and I make the point of order that we have already voted on that matter.

Mr. CARPENTER of Kansas. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair is of the opinion that there was a question of that sort presented, but it was not entirely

similar to the amendment which the gentleman has now offered. The Chair, therefore, overrules the point of order.

Mr. CARPENTER of Kansas. Mr. Chairman, I ask unanimous consent to speak upon this amendment for 5 minutes in order that I may speak against the nefarious practice of issuing various tax-exempt bonds.

Mr. GOSS. Mr. Chairman, reserving the right to object—I dislike to object—but in order to preserve the rules of the House, if this request is granted, a similar privilege should be granted to every other Member who is offering amendments here, and therefore I am constrained to object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The question was taken; and on a division (demanded by Mr. CARPENTER of Kansas and Mr. O'MALLEY) there were—ayes 7, noes 43.

So the amendment was rejected.

Mr. CELLER. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CELLER: Page 4, line 12, after the word "to", insert "principal and"; line 15, after the word "the", insert "principal and"; line 17, after the word "such", insert "principal and"; line 20, after the word "such", insert "principal and"; line 21, after the word "such", insert "principal and."

The amendment was rejected.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER: Page 8, line 25, after the period, insert: "In no event shall the aggregate compensation from the board and/or corporation exceed the compensation now being paid by the board or by any of its Federal home-loan banks."

The amendment was rejected.

Mr. BRUNNER. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BRUNNER: Page 4, line 11, after the word "exceed," strike out "4" and insert "3 1/4"; on line 12, after the word "interest," strike out "only" and insert "and principal"; on line 15, after the word "interest," add "and on principal"; on line 17, after the word "interest," add "and on principal"; on line 21, after the word "interest," add "and on principal"; and on page 7, line 2, after the word "of," strike out "5" and insert "4 1/2."

The amendment was rejected.

Mr. PETERSON. Mr. Chairman, I offer an amendment, which is at the Clerk's desk and which I referred to in my remarks today.

The Clerk read as follows:

Amendment offered by Mr. PETERSON: Page 7, line 14, after "\$15,000," insert: "No discrimination shall be made against any home mortgage which is upon real estate located in a municipality, county, or taxing district which is in default upon any of its obligations."

The amendment was rejected.

The Clerk read as follows:

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

Sec. 5. (a) In order to provide local mutual thrift institutions in which people may invest their funds and in order to provide for the financing of homes, the Board is authorized, under such rules and regulations as it may prescribe, to provide for the organization, incorporation, examination, operation, and regulation of associations to be known as "Federal savings and loan associations", and to issue charters therefor, giving primary consideration to the best practices of local mutual thrift and home-financing institutions in the United States; but no such association shall be incorporated by the Board unless in its judgment the community to be served is insufficiently served by local thrift and home-financing institutions.

(b) Such associations shall raise their capital only in the form of payments on such shares as are authorized in their charter, which shares may be retired as is therein provided. No deposits shall be accepted and no certificates of indebtedness shall be issued except for such borrowed money as may be authorized by regulations of the Board.

(c) Such associations shall make loans only upon real property located within 50 miles of their home office, and such loans shall be first liens upon homes, or combination homes and business property, having a value not exceeding \$20,000, except that not exceeding 15 percent of the assets of such an association may be invested in first liens on other improved real estate. Such asso-

ciations may also lend upon the security of their own shares and may invest in stock of a Federal home-loan bank or in obligations of the United States or in Federal home-loan bank bonds.

(d) The Board shall have full power to provide in the rules and regulations herein authorized for the reorganization, consolidation, merger, or liquidation of such associations, including the power to appoint a conservator or a receiver to take charge of the affairs of such association, and to require an equitable readjustment of the capital structure of the same; and to release such association from such control and permit their further operation.

(e) No charter shall be granted except to persons of good character and responsibility, nor unless in the judgment of the Board a necessity exists for such an institution in the community to be served, nor unless there is a reasonable probability of its usefulness and success, nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

(f) Each such association, upon its incorporation, shall become automatically a member of the Federal home-loan bank of the district in which it is located, or if convenience shall require and the Board approve, shall become a member of a Federal home-loan bank of an adjoining district. Such associations shall qualify for such membership in the manner provided in the Federal Home Loan Bank Act with respect to other members.

(g) The Secretary of the Treasury is authorized on behalf of the United States to subscribe for preferred shares in such associations which shall be preferred as to the assets of the association, and which shall be entitled to a dividend, if earned, after payment of expenses and provision for reasonable reserves, to the same extent as other shareholders. It shall be the duty of the Secretary of the Treasury to subscribe for such preferred shares upon the request of the Board; but the subscription by him to the shares of any one association shall not exceed \$100,000, and no such subscription shall be called for unless in the judgment of the Board the funds are necessary for the encouragement of local home financing in the community to be served and for the reasonable financing of homes in such community. Payment on such shares may be called from time to time by the association, subject to the approval of the Board and the Secretary of the Treasury; but the amount paid in by the Secretary of the Treasury shall at no time exceed the amount paid in by all other shareholders, and the aggregate amount of shares held by the Secretary of the Treasury shall not exceed at any time the aggregate amount of shares held by all other shareholders. To enable the Secretary of the Treasury to make such subscriptions when called there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$100,000,000, to be immediately available and to remain available until expended. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by the Board, and such receipts shall be evidence of the interest of the United States in such preferred shares to the extent of the amount so paid. Each such association shall make provision for the retirement of its preferred shares held by the Secretary of the Treasury, and beginning at the expiration of 5 years from the time of the investment in such shares, the association shall set aside one third of the receipts from its investing and borrowing shareholders to be used for the purpose of such retirement. In case of the liquidation of any such association the shares held by the Secretary of the Treasury shall be retired at par before any payments are made to other shareholders.

(h) Such associations, including their franchises, capital, reserves, and surplus, and their loans and income, shall be exempt from all taxation now or hereafter imposed by the United States, and all shares of such associations shall be exempt both as to their value and the income therefrom from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States; and no State, Territorial, county, municipal, or local taxing authority shall impose any tax on such associations or their franchise, capital, reserves, surplus, loans, or income greater than that imposed by such authority on other similar local mutual or cooperative thrift and home financing institutions.

(i) Any member of a Federal home-loan bank may convert itself into a Federal savings-and-loan association under this act upon a vote of its stockholders as provided by the law under which it operates; but such conversion shall be subject to such rules and regulations as the Board may prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this act.

Mr. CELLER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Strike out subdivision (i).

Mr. CELLER. Mr. Chairman, I offer the amendment to strike out the entire subsection (i), for the reason that if you include that subsection I firmly believe that you will be voting to destroy practically all of the savings-and-loan associations, which are mutual loan associations, in this country.

You will note on page 11, lines 21, 22, and 23, you refuse to grant a charter to any new Federal savings and loan association if it is going to cause undue injury to those existing mutual local thrift and home financing institutions in communities where these loan associations are already established and which are properly conducted.

There is no such safeguard in subsection (i), which is for existing mutual associations to be converted into Federal savings- and loan-associations.

Why the committee leaves out the words "without undue injury to properly conducted existing local thrift and home financing institutions" in subsection (i) is beyond me. The failure to include it renders that subsection highly dangerous.

Now, what is going to happen? If you have a community where there are several existing mutual saving and loan associations, properly conducted, serving the community, drawing their funds out of the community they serve, spreading their benefits in the community where the money is received from—and you allow any one of these organizations to be converted into a Federal savings and loan association, you are going to give a superior advantage to that Federal home-loan association, and practically all the business of that community will be drawn from the other mutual institutions to the institution that is thus federally converted. In other words, you will drive all local mutually operated organizations into a huge Federal system. That would be deplorable. We should protect our local systems.

It has been my experience that when a State bank is converted into a national bank in the eyes of the community that federalized institution is given great advantages now enjoyed by the old State institution. That same situation will be developed in the various communities where you have a loan association converted into a Federal loan association. Then the State organizations will fade out of the picture. You have the further disadvantage, if you have a Federal institution, that the money is not drawn from the community served but from the outside into the community, and there will not be the same equitable benefits derived from that money to the home owners of that community. There will be absentee control, ill-suited to local benefits.

Therefore I do, indeed, hope that you will not allow a provision to injure existing institutions in converting mutual loan associations into Federal saving-and-loan associations.

Now, as an illustration, take the city of Brooklyn: We have a score of mutual saving loan associations there, and I know that just as soon as you allow any one of these associations to be converted into a Federal institution you will put every one of the others out of business. I do not think you want to do that. I am firmly of the conviction that that will be the result if you leave subsection (i) in the bill, and I hope that my amendment will prevail.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. CELLER. Yes.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CELLER. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HANCOCK of North Carolina. How does the gentleman reconcile his argument with the provision in the bill which makes it mandatory that with the establishment of Federal savings and loan associations the association shall automatically become a member of the Federal home-loan bank?

Mr. CELLER. I am willing to go the length the gentleman wants to go, if he puts those saving words in there, that there can be no conversion if there will be any undue injury to the existing institutions. You do not allow, at the threshold, the new organization to be formed, a new Federal savings-and-loan association to be set up, if it is going to cause injury to existing local home-financing institutions. Why should not that limitation be applied to existing organizations which seek to convert into the Federal system? That is all I am seeking to do, but all amend-

ments have been so voted down this afternoon that there seems no way of breaking through the wall of the committee's opposition.

Mr. HANCOCK of North Carolina. The point I make is that the gentleman's argument is in conflict with the other section of the bill, which makes it mandatory that whenever one of these Federal loan associations is established, and they are not to be established if in the judgment of the Board, after careful survey, such association would injure an existing institution, and when established it automatically becomes a member of the Federal home-loan bank system.

Mr. CELLER. That is proper, but I do not see any inconsistency with what I have said and the fact that they become members of the Federal home-loan bank system. The Federal home-loan bank system is quite something different from the system of Federal savings-and-loan association system where the Government, through the Secretary of the Treasury, invests money up to \$100,000,000 in preferred stock in these associations. The Government's vast interest in such a system makes it almost wholly dependent upon the will of the Secretary of the Treasury. The mutual building-and-loan associations that may join up with the Federal home-loan bank, with none of their stock owned by the Government, are nevertheless free and independent, subject only to the general regulations of the Federal Home Loan Board.

Mr. HANCOCK of North Carolina. If we make them become members, surely any other association ought to have the privilege by proper action of converting itself into the Federal system, and especially if by so doing they can better serve their members. I am fully conscious of what may ultimately happen.

The CHAIRMAN. The time of the gentleman from New York has again expired.

The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. BEEDY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BEEDY: Line 7, strike out "\$100,000,000" and insert "\$10,000,000,000."

Mr. BEEDY. Mr. Chairman, if this amendment is adopted I propose to offer another amendment to line 16, page 12, authorizing subscriptions for shares of any one association up to not to exceed \$500,000.

I offer this amendment to test the sincerity of those men in this Chamber who believe that a remedy for our present-day difficulties is the printing of more money—inflation. Before referring directly to the bill in hand let me say what I have long since contended, that multiplying cheap money will not solve our difficulties.

My amendment is pertinent to this bill, because we are authorizing a bond issue of about \$2,000,000,000 to deal with a mortgage situation which admittedly runs up to more than \$10,000,000,000.

Nobody can estimate exactly how much would be required to give the desired relief, if we are indeed to relieve the burdened mortgagors of inexpensive homes in the urban areas of the Nation.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. BEEDY. I yield to the gentleman, in the hope that he will not object if I ask for 5 additional minutes.

Mr. GOLDSBOROUGH. Of course, I shall not object.

The gentleman is a member of the committee, and I should like to hear him. May I ask the gentleman is this a pro-forma amendment or does he intend to pass that kind of amendment?

Mr. BEEDY. Oh, I intend to press it.

Mr. GOLDSBOROUGH. Very well.

Mr. BEEDY. Mr. Chairman, on the 16th day of last July, under the Borah-Steagall amendment, there was authorized an issue of a billion dollars in national-bank notes. On the 9th of last March we authorized a further emergency issue of \$2,000,000,000 of Federal Reserve bank notes. In that

same act we authorized any bank, whether a member of the Federal Reserve System or not, to bring any paper, whether eligible for rediscount in the Federal Reserve System or not, to the Federal Reserve bank, and if that paper has any value, to get Federal Reserve bank notes for it; and the authorities inform me that the possibility of money issue under this last provision of law alone is \$20,000,000,000. Meanwhile there is a sufficient gold reserve in the Federal Reserve System on which to base a further issue of Federal Reserve notes of approximately \$4,000,000,000 without the passage of any emergency legislation. Under existing law, therefore, we have now authorized an issue of \$27,000,000,000 more of money than is already in circulation. What has been the result? How much of this possible issue of new money has the country availed itself of? Only \$200,000,000 of new money has thus far been issued. Why has not more of it been issued? Because no method has been devised for getting either more of our old money, say nothing of this new money, into the hands of the unemployed, the needy masses.

The new—let me say the emergency currency—about as fast as it was issued—and it was issued in an emergency under fear that men and women were going to draw further upon their deposits in the banks, but as soon as fear subsided the demand withdrawals had decreased, and the banks found themselves liquid—has been used by the member banks in paying off debts to the Reserve banks. Thus the Reserve banks found themselves abundantly supplied not only with the old Federal Reserve notes but with millions of the new emergency currency. But this emergency currency was of no use to the Reserve banks either as a legal reserve or as a means of reducing liability on outstanding Federal Reserve issues; and since there is not any demand by industry to make possible the use of all this money, the Reserve banks retired practically an equal amount of Federal Reserve notes. That is the inevitable working of the machinery of the Federal Reserve Banking System based on the law of demand for currency as measured by the needs of business. That operation is not the *policy* of the Federal Reserve Board. The initiative is taken, not by the Board but by the debtor banks of the System, which, when they find themselves with plenty of money to pay their debts, approach the central banks, demand back their collateral, and reduce their liabilities. If we say that to end this depression we must simply have more money, if the gentleman from Texas is correct when he says we need only print \$21,000,000,000 more of paper money and the depression will end, why not provide for doing it here and now? One trouble with that program is that although you may print this money you do not provide any means of getting it into the hands of the people who need it. That can only be done by giving the money to the needy or by giving them enough employment to absorb it in wages.

The CHAIRMAN. The time of the gentleman from Maine [Mr. BEEDY] has expired.

Mr. HANCOCK of North Carolina. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Maine be extended for 5 additional minutes.

Objection was made.

Mr. McFADDEN. Mr. Chairman, reserving the right to object, the other day we were assured by the chairman of the committee when he was fixing the time for the debate that if we would yield to him in the matter of a limited time for general debate there would be sufficient time given to the Members to discuss the bill under the 5-minute rule.

Now, I have been here for 2 days, and on my feet repeatedly, trying to get some time to discuss certain features of this bill; but the time seems to be all taken up by members of the committee. I want to know, Mr. Chairman, whether or not a Member of the House can discuss this bill, and how he is going to do it.

Mr. SWANK. Mr. Chairman, reserving the right to object, along the lines mentioned by the gentleman from Pennsylvania I want to submit this question to the chairman of the committee: Will not some parliamentarian in this House cite the rule which states that the Chairman of the

Committee of the Whole must recognize members of the committee having the bill in charge regardless of how many times they have spoken theretofore, in preference to a Member who has sat here hour after hour unable to get recognition? I want to know what the rule is and I am asking this question for my own information. Very much of the time of the Committee yesterday was taken up by members of the Committee on Banking and Currency, and I am not kicking about that, although quite a portion of the time was taken up rowing amongst themselves. I should like to know why other Members of the House cannot get recognition. I should like to know about this rule.

The CHAIRMAN. The gentleman from Oklahoma himself, in presiding over the Committee of the Whole, has applied this same rule. The Chair is merely following the precedent established by the gentleman from Oklahoma and others who have presided over the Committee of the Whole.

Without objection, the gentleman from Maryland will be recognized for 5 minutes.

Mr. BEEDY. Mr. Chairman, reserving the right to object, and I shall not, I did not ask for a moment to discuss the bill during general debate, nor have I taken the floor until a moment ago to discuss it under the 5-minute rule. When, to answer a question asked by a Member on the other side of the House, I asked to have my time extended 5 minutes, objection was made. Now I am not complaining, but I think all of us ought to be a little more anxious to have this bill thoroughly considered.

Mr. GAVAGAN. Mr. Chairman, I object to the extension of the argument of the gentleman from Maine.

Mr. BEEDY. I do not object, Mr. Chairman, but I hope the gentleman's time will be extended so he may answer questions.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

Mr. GAVAGAN. Mr. Chairman, I object.

Mr. McFADDEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, no one is more interested in the passage of legislation to give relief to the home owners of the United States than I am. However, I am afraid this bill will not accomplish this purpose because of the limitations in the bill.

In 1916 we passed the Federal Farm Loan Act, which provided for the organization of joint-stock land banks, private institutions, to have the benefit of that particular farm loan law. We authorized those institutions to issue bonds at rates of interest under the law. It was stated in that bill, as it is stated in this bill, that these securities were to be instrumentalities of the United States Government, and the joint-stock land banks sold them as such to the innocent investment public.

Under this bill we are creating an institution with a capital of \$200,000,000 which is to be furnished by Federal funds. We are putting language in this bill which gives them the right to issue their bonds up to \$2,000,000,000, that they shall be tax exempt, and that they shall be instrumentalities of the United States.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I am sorry I cannot yield. I have only 5 minutes.

Under authority of the act creating the joint-stock land banks, the greatest deception on the investors and the public was authorized and carried out. Great privation and losses have been sustained by the investing public because these bonds were sold as instrumentalities of the United States Government; not only bonds but the stock of these banks was sold to innocent investors who believed they were investing in Government securities. In many cases they lost all of their money and in some cases I think they had to pay additional assessments.

Here, Mr. Chairman, is being created another institution that may issue \$2,000,000,000 worth of bonds which will be and which are intended to be sold to the public as instrumentalities of the United States Government. This goes farther than Congress went in the joint-stock land bank

provision, because the interest on these bonds is guaranteed by the Government of the United States. This guaranty of the interest is tantamount to the assumption on the part of the Government of the total liabilities of the bonds that are out, and I cite in proof of this the very fact that the Government is now contemplating taking over from the investors of this country these joint-stock land bank bonds on some basis. Now, I say that it is unfair to thus deceive the public in this manner.

In addition to this, these bonds will not sell in the open market. The only way you are going to get rid of these bonds is by trading them to present mortgage owners, and the owners of good mortgages are not going to turn over their mortgages, because most of them will bear an interest rate higher than they will get under the provisions of this bill. I say to you that the Government will get all the inferior mortgages of the country, those which the public want to unload.

If you want to make this bill work, you have got to consider some proposition that will furnish a security that will raise the money. Otherwise this plan will not operate.

My guess as to what will be done is that when you get to the point where these bonds are not sold—just the same as has been done on other occasions—you will go to the Reconstruction Finance Corporation or to the United States Treasury and they will have to take over blocks of these bonds.

I wanted to propose at the proper place in the bill an amendment, but no opportunity was offered. I want to suggest to you now that if you are sincere and honest and want to help the poor home owner to finance his loan, and if you want to establish a precedent here which will do what everyone wants done, which is to lower the rates of interest, instead of issuing these kind of bonds, authorize the Secretary of the Treasury to issue bonds of the United States in an amount not exceeding \$2,000,000,000 and provide that such bonds shall be transferred to this corporation by the Secretary of the Treasury at such times and in such amounts as the Secretary of the Treasury and the Corporation determine to be necessary for the purpose of carrying out the provisions of this bill.

I propose that these bonds shall bear a rate of interest of 2 percent, and that they shall be given the circulation privilege so that national-bank notes can be issued upon them in the same manner as was authorized by the Borah amendment to the Farm Loan Act at the last session. By doing this you will be giving the borrowers a lower rate of interest and there will be no deceit practiced on the public.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

Mr. CELLER. Mr. Chairman, I object.

Mr. SWANK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, when we were on the other section of the bill I had an amendment pending which was voted on, providing for the issuance of Treasury notes instead of bonds.

This bill provides for the issuance of \$2,000,000,000 of bonds at 4-percent interest. This means that an interest charge of \$80,000,000 per year is to be paid for 18 years if the bonds are sold, and you will sell the bonds all right when you make them nontaxable and bear 4-percent interest. This means that when these bonds are sold under this bill the Congress will appropriate \$1,440,000,000 for interest and none of the principal will be reduced.

Somebody tell me why, instead of bonds, the Treasury Department cannot issue Treasury notes and instead of appropriating \$80,000,000 per year to pay this interest, which is what the interest amounts to at 4 percent on \$2,000,000,000, as provided in this bill, to these nontaxable bondholders—somebody tell me why Congress cannot appropriate \$80,000,000 a year, put it in a sinking fund, and retire the total issue in 25 years. In 18 years, under the terms of the bill, we pay out \$1,440,000,000 in interest and none of the principal is reduced.

Mr. McFARLANE. Will the gentleman yield?

Mr. SWANK. I yield.

Mr. McFARLANE. I believe the gentleman and myself are in accord. If we issued Treasury notes or certificates, this would eliminate any bonus being paid to the Wall Street boys.

Mr. SWANK. I thank the gentleman.

The question has been raised, How are you going to put this money in circulation? You can put it in circulation by lending it direct to the home owners as provided in the amendment offered by the gentleman from Missouri [Mr. COCHRAN], or you can put this money in circulation in other ways. I do not propose to deposit it in banks where it is not put in actual circulation. You can also put the money in circulation by paying off the bonus certificates, and this House is going to have another opportunity, I believe, to vote on the question of paying the bonus to the soldiers. [Applause.] This is an economic question of getting the money into circulation and paying a just debt.

This proposition of issuing nontaxable bonds ought to be stopped, and now is a good time to stop it. This Government owes over \$20,000,000,000 in bonds and it costs us over \$600,000,000 every year to pay the interest. This is one thing that is wrong with this country. This is one of the troubles that has been brought upon us by the international bankers, the sponsors of the non-taxable-bond issues upon which they draw their interest and pay no taxes.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. SWANK. Yes.

Mr. WEIDEMAN. It is not at all necessary to issue these bonds, is it? Can we not accomplish the same thing by using Treasury notes and in this way save \$80,000,000 a year and redeem the principal in the way the gentleman has suggested?

Mr. SWANK. We can do that by appropriating the same amount that we would pay in interest through putting it in a sinking fund for that purpose. [Applause.]

Mr. LOZIER. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, the gentleman from Maine [Mr. BEEDY] has offered an amendment which calls for an increase of the authorization under this bill to \$10,000,000,000. I am opposed to this amendment and obviously the gentleman is not serious in presenting it.

Much has been said in this debate with reference to the amount of home-loan mortgages in the United States, and it has been argued here seriously, seemingly, that we could not use any part of the \$200,000,000 fund created by this act to make loans direct to home owners, because, these gentlemen say, the home-mortgage loans in the United States amount to \$21,000,000,000, implying that if we used any part of the \$200,000,000 for direct loans we would be compelled to take up all home mortgages in the United States. In other words, some of the opponents of the Cochran amendment would have you believe that no part of the \$200,000,000 carried by this bill could be utilized for making direct loans to home owners, because, forsooth, the fund is not sufficient to take up all the \$21,000,000,000 of home mortgages in America. This argument is not only fallacious but absurd, an argumentum ad ignorantiam, or one based on the assumed ignorance of the Membership of this House or on their assumed ignorance of the facts. The Cochran amendment does not propose to refinance all the home mortgages in the United States, but merely authorizes the use of a part of the \$200,000,000 fund to make loans direct to home owners facing sacrificial foreclosure sales. It creates no obligation on the part of the Government or on the corporation created by this act to take over all the home-loan mortgages in America.

When the Reconstruction Finance Corporation Act was pending carrying an appropriation of \$2,000,000,000, did I hear any of the gentlemen argue that you could not make direct loans to the beneficiaries under that act because the organizations and institutions who would be the beneficiaries of its provisions had a total indebtedness amounting to more than \$100,000,000,000? The Reconstruction Finance Corporation Act did not contemplate making loans to cover all the indebtedness of all the concerns embraced in all the

classes or groups intended to be aided, as \$2,000,000,000 would have been grossly inadequate for that purpose.

When the recent farm mortgage bill was pending in this House, creating a fund of \$2,000,000,000, did these gentlemen argue against making any direct loans to farmers because, forsooth, the farm-mortgage indebtedness of this Nation exceeded \$9,000,000,000, and therefore we could not afford to refinance all of those obligations? No; they made no such argument. According to the logic of some of our colleagues, because we cannot refinance \$9,000,000,000 of farm mortgages, therefore we should not afford the farmers of America any relief from the present intolerable farm-mortgage conditions. Applied to the pending bill, their reasoning is: Because we cannot make direct loans to take up all the home mortgages in the United States, therefore no direct loans should be made to take up any of the home loans, although a part, at least, of \$200,000,000 available under section 4 of the pending bill can be utilized for that purpose if the Cochran amendment had been adopted.

That is a silly argument, and I am surprised that it should be offered in this Chamber. The purpose of the amendment of the gentleman from Missouri [Mr. COCHRAN] was not to open the gates and compel the Government to take up all the mortgages on all American homes, but it merely authorizes the use of such portion of the \$200,000,000 fund for direct loans to home owners as may be deemed advisable by the Corporation.

The Reconstruction Finance Corporation that you voted for provided for direct loans under certain conditions. The Farm Mortgage Act, which you recently voted for, provided for making direct loans under certain conditions. Why not adopt this same formula and authorize a part of this \$200,000,000 fund to be loaned direct to home owners, without the intervention of any of the associations or organizations recognized or created by this act?

It is illogical for any Member of this House to argue that we should not permit a part of that \$200,000,000 to be utilized in making direct loans to home owners, because, forsooth, the sum of \$200,000,000 is not sufficient to take up all the mortgages on all homes in America.

The gentleman from Massachusetts [Mr. LUCE], for whom I have a high regard, argued that the Cochran amendment, if adopted, would open the floodgates and obligate the United States Government, or the agencies hereby created, to take over \$21,000,000,000 worth of home mortgages, a statement palpably illogical, inaccurate, and misleading, but which seemingly caught the imagination of many of his colleagues.

As I have said, the amendment of the gentleman from Missouri [Mr. COCHRAN] did not contemplate a universal, all-embracing refinancing of all home mortgages in America; but, if adopted, it would have permitted the use of such part only of the \$200,000,000 fund as the corporation created by this act deems just and proper for making loans direct to home owners.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. LOZIER. Yes.

Mr. WEIDEMAN. In title III of the Home Loan Act it provides that certain amounts may be used for direct loans. The Cochran amendment only provided that a certain amount of the \$200,000,000 be allowed for direct loans to home owners.

Mr. LOZIER. The gentleman is correct. It would not have permitted or compelled the Government or the Home Owners Loan Corporation to acquire all of the home-loan mortgages in the United States. The amendment would only operate on and be applicable to that provision of the bill which creates a fund of \$200,000,000, and only such part of this sum could be used in making direct loans as, in the judgment of the Corporation, should be used for that purpose. It would have given the Board authority to make direct loans to individual home owners only when conditions warranted such action.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I move to strike out the last two words. To complete what I was going to say when my time expired a little while ago, I want to add that we

should be frank with the people and be frank with ourselves. This guarantee of interest is an obligation on the part of the United States to pay the entire part of these bonds that are sold to the innocent public. We might as well look the thing squarely in the face. What will be done eventually with all of these \$2,000,000,000 bonds is that which we are doing in many other instances. If the securities cannot be sold, we can send them to the Reconstruction Finance Corporation or the United States Treasury, and they will buy the bonds with the taxpayers' money. The losses sustained by the Reconstruction Finance Corporation—and we all know many of the loans they make are losses now—will eventually be paid by the taxpayers of the United States. This Congress will authorize the payment of these losses out of the funds collected from taxes at some later date. Let us not fool ourselves. When these \$2,000,000,000 of bonds are in the hands of the investing public and a default occurs, the United States will be compelled to pay for the bonds in default. And if they do not, Congress will then, by public demand, compel the Government to do so. What I am suggesting here is that to procure this fund of \$2,000,000,000 we issue 2-percent Government bonds and give them circulation privilege, which will sustain the market. There is nothing wrong with that. We should be frank with ourselves and have the United States furnish the money that will make this institution function, instead of fooling the public and the Government itself. The Government will be bound to redeem these bonds in case of default.

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I am sorry, but I have not the time. Further, in view of the fact that this money is furnished by the United States to this corporation at 2-percent interest, I suggest that that rate be reflected in lowering the rates of interest on these mortgages to the home owners, the borrowers, to 3 percent. The greatest hardship that is experienced by home owners today is to meet the rate of interest and taxes that they have to pay on mortgaged homes. Practically every man here recognizes that fact. If we are honest with ourselves and really want to lower interest rates in the United States, I say that this plan will do it, and it will influence the lowering of rates on every loan that is made and outstanding in the United States. We should be honest with these borrowers, and not repeat what we did under the Federal Land Bank System. Let us give this institution the money with which to operate. It cannot operate otherwise. That is all I have to say about it.

Mr. LUCE. Mr. Chairman, will the gentleman now yield?

Mr. McFADDEN. Yes.

Mr. LUCE. The gentleman will recall that for my own part I have always felt that there was some responsibility upon the part of the Federal Government to make good to the innocent purchasers on the bonds of the joint-stock land banks as well as of the land banks. The bill now approaching us with amendments from the other body destroys all possibility of that ever being done. Does the gentleman approve that attitude toward the bonds of the home-loan banks?

Mr. McFADDEN. I am not saying whether I approve or disapprove. My position has been all along, and it was so stated at the time, that these are not instrumentalities of the Government, but unfortunately those who are responsible for their issuance sold them to the innocent public as such, and many thousands of widows and many other people who had money to invest invested in these bonds. I thought I saw the attitude here, among Members of the House, to make good that obligation which was held out to buyers of these bonds. The gentleman from Massachusetts [Mr. LUCE] has felt from time to time that those innocent holders should be made whole. I still feel there is that sentiment here, and I understood, although it is pretty difficult to learn what the administration is proposing to do eventually, that out of this proposal at this session for refinancing home and farm loans and other things, there was a plan to take up or to reorganize or to take over obligations of the Federal land bank and the joint-stock land bank systems, and I think there is some-

thing in the wind to that effect. I believe, in view of the deception that has been practiced upon the investing public and the losses they have sustained, that there is, to say the least, a strong moral obligation on the part of the Government to make good these bonds.

Mr. LUCE. I have not it myself, but that is what was reported in the newspapers.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The amendment was rejected.

The Clerk read as follows:

ENCOURAGEMENT OF SAVING AND HOME FINANCING

Sec. 6. To enable the Board to encourage local thrift and local home financing and to promote, organize, and develop the associations herein provided for or similar associations organized under local laws, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$250,000, to be immediately available and remain available until expended, subject to the call of the Board, which sum, or so much thereof as may be necessary, the Board is authorized to use in its discretion for the accomplishment of the purposes of this section, without regard to the provisions of any other law governing the expenditure of public funds.

Mr. DIMOND. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. DIMOND: Page 15, line 7, insert a new paragraph, to be known as "section 7", to read as follows:

"Sec. 7. The provisions of this act shall apply to the Territories of Alaska and Hawaii."

Mr. DIMOND. Mr. Chairman, I endeavored to secure time yesterday to address the House on a similar amendment. The pending amendment is constructed so as not to be subject to a point of order, and covers alone the Territories of Alaska and Hawaii. I do not know why these Territories were not mentioned in the original bill, except perhaps there was a thought by some of the members of the committee that they were already covered. After I unsuccessfully tried to secure unanimous consent to discuss the matter yesterday, the very kind and courteous gentleman from Massachusetts [Mr. LUCE] came to me and asked me whether that is not the case, and suggested that I call up the president of the Farm Loan Bank Board. I did that and talked to Mr. Stevenson, and as a result of the conversation with him I am satisfied that, no matter whether as a matter of law this bill covers the Territories, the Board is going to so construe it as not to have it cover the Territories. There are two ways of administering these things by these boards and administrative officers. One is to do things, and the other is to find some method by which they cannot be done. But I am not criticizing these officials.

In my conversation with Mr. Stevenson I asked him about the Territories of Alaska and Hawaii and whether they are covered. He said he did not know, and he strongly suggested that I do not present this amendment in the House but present it to the committee of the Senate. I wish I could. I wish I were a Member of both the House and the Senate, so that I could go over there and present things when I have not an opportunity to present them here. Unfortunately I am not.

This is not an amendment which will emasculate this bill. It will not vitiate the bill. It is not an amendment which will change the broad general purpose of the bill. It is an amendment simply to extend to the citizens of the United States in the Territories of Alaska and Hawaii the same rights and privileges and benefits that are extended to the citizens in the United States proper. I know of no reason why the people in Alaska and Hawaii should be discriminated against, and I am satisfied there is no Member of the committee or of the House who intended to discriminate against them; but under the announced policy of the Board, the announced view of the Board upon the law as I received it from Mr. Stevenson yesterday, Alaska and Hawaii are going to be declared outside of this act if this bill passes without this amendment. We are simply asking for even-handed justice. We do not want anything special. I speak for Alaska, and the gentleman from Hawaii, of course, will speak for that Territory.

We are doing the best we can in Alaska, and we are subject to the evils of the depression just as you are in the United States.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. DIMOND. I yield.

Mr. WEIDEMAN. In other words, all that Alaska and Hawaii ask, as Territories of this country and as parts of this Government, and all that the citizens of these Territories ask, is to be given the same privileges that we have. Is that what you want?

Mr. DIMOND. Yes, sir; precisely.

Mr. WEIDEMAN. Equal protection and equal benefit of the laws?

Mr. DIMOND. Precisely.

Mr. LANZETTA. Will the gentleman yield?

Mr. DIMOND. I yield.

Mr. LANZETTA. Does not the gentleman think the Island of Puerto Rico should also be included?

Mr. DIMOND. I think Puerto Rico, the Virgin Islands, and the District of Columbia should be included. I did not include them in this amendment today for fear somebody would make a point of order against it, because on yesterday the House voted down an amendment which included all of them. Therefore I was compelled to confine myself today to the Territories of Alaska and Hawaii, so that my proposed amendment would not be subject to a point of order.

Mr. LANZETTA. Is the gentleman willing to accept an amendment to his amendment, to include the island of Puerto Rico?

Mr. DIMOND. If it does not kill the amendment which I have offered, I would be agreeable to it.

Mr. WEIDEMAN. If it is beneficial to one, it is beneficial to the other.

Mr. DIMOND. I would prefer that the gentleman would offer his amendment later to include the others, so as not to possibly make this amendment subject to a point of order.

Mr. STEAGALL. I would suggest to the gentleman that as far as I am personally concerned, while I cannot speak for the entire committee, still I think I would be justified in saying that not any member of the committee will object, but, speaking for myself, if the gentleman will accept the amendment to his amendment which has been tendered, I shall not oppose its adoption, and I will make no point of order against it.

The CHAIRMAN. The time of the gentleman from Alaska has expired.

Mr. DIMOND. I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. DIMOND. I now accept the proposed amendment offered by the gentleman from New York [Mr. LANZETTA]. I do that upon the assurance of the chairman of the committee that the entire thing will be accepted. I understand, as a matter of good faith, it will go through and there will not be any point of order raised against it. If there is any danger of that, of course, I should reject it, but I am relying on the good faith of the Members here. I thank you. [Applause.]

Mr. LANZETTA. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. LANZETTA to the amendment offered by Mr. DIMOND: After the word "Alaska" insert "Puerto Rico."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York to the amendment offered by the Delegate from Alaska.

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alaska, as amended.

Without objection, the Clerk will report the amendment, as amended, for the information of the House.

There was no objection.

The Clerk again reported the amendment offered by Mr. DIMOND, as amended by Mr. LANZETTA.

The amendment as amended was agreed to.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER: On pages 14 and 15, strike out all of section 6.

Mr. CELLER. Mr. Chairman, section 6, in these days of economy, provides for no less than \$250,000 for what? Just for propaganda. I say, at a time when we are causing the severance from service in this country of many thousands of civilian employees by the so-called "30-year compulsory retirement provision", causing a great deal of dismay and suffering among those civilian employees, on the score of economy, we have no right to spend a quarter of a million dollars for what is nothing more nor less than propaganda. I say that in all earnestness to the members of the Committee on Banking and Currency. If they want publicity for what there is to be done under the bill, the newspapers will open column after column to the members of this corporation. If they want publicity over the radio, the broadcasting companies would willingly grant those facilities to spread the gospel of this law.

There are chambers of commerce, there are boards of trade, there are churches and fraternal organizations who would all gladly give time and effort to make known to the people of the various communities the benefits of this act. I am amazed that there should be asked this vast sum of money for this purpose. Perhaps it is necessary to make known to the people of the land what this is all about. It was necessary to do the same thing when we established the Federal home-loan bank, the mother act, but you did not provide for one cent of appropriation for propaganda when you set up the 12 regional home-loan banks or the Federal Home Loan Board. Just see what an avalanche of publicity the members of that Board received.

The chairman of the Board went up and down the length and breadth of this land; he spoke over the radio; he appeared in pulpits and on rostrums, and where not, telling the people what this was all about. His colleagues did the same thing. I know there emanated from each of the banks what was known as home-loan clearance committees, composed of public-spirited citizens in the various communities, who willingly gave of their services to tell the people of their communities what this home-loan bank was and what were the purposes of the act. Those home-loan clearance committees are still in existence. There are hundreds of them throughout the length and breadth of this land. Why cannot these Federal savings and loan associations and the Home Owners Mortgage Corporation avail themselves of those hundreds of home-loan clearance committees, hundreds of advisory boards, the Lions Clubs, the Kiwanis, the Rotary Clubs, to do what can be done for nothing, rather than expend \$250,000 in these days of stress and difficulty from public funds?

I hope, indeed, that my amendment will prevail.

The CHAIRMAN. The time of the gentleman from New York [Mr. CELLER] has expired.

Mr. LUCE. Mr. Chairman, the gentleman from New York, living in a thickly crowded region, I think, does not understand the conditions that this proposal means to meet.

As I pointed out yesterday, there are about 1,500 counties in the United States without any thrift institutions. There are in them no such conditions as those of which the gentleman speaks. There is nobody familiar with the way to start a thrift association. The situation is just the opposite of what it is in the communities where there are savings banks and building-and-loan associations. The effort of which the gentleman speaks was to induce such banks and associations to take advantage of the home loan bank law.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. CELLER. Are there no newspapers in these counties? Does not the radio reach into these communities?

Mr. LUCE. Very many of them are without any daily paper.

Mr. CELLER. Are there not daily and weekly papers, and farm journals?

Mr. LUCE. The expenditure proposed is not to advertise. The purpose is to incite, by any method that can be found the public-spirited citizens in a community now without any thrift institution to take steps to organize thrift institutions. Doubtless the gentleman is aware that even now after the mutual-savings-bank idea has been spreading for a hundred years, it has gone but little beyond the seaboard States, and that the idea of a mutual savings bank is novel to great areas of the country. The building and loan associations likewise have developed in only 10 or 15 of the States to any great degree.

What we are seeking to do here is to help the people of these 1,500 counties to help themselves; and certainly no more useful effort can be undertaken than to encourage and help the creation of thrift agencies in all parts of the land.

Mr. CELLER. I agree with the gentleman that we should do everything in our power to help organize these thrift agencies, but at this time a quarter of a million dollars is entirely too much for this purpose. The act creating the Federal home-loan bank system contained no such provision, yet the system has spread far and wide throughout this country without the expenditure of money.

I am as familiar as the gentleman is with the wide-open spaces despite the fact he and I live in crowded cities, but I do know that there are public-spirited citizens all over the land who would willingly render their services to spread propaganda for this work. I do not think we need to spend this money for this purpose.

Mr. LUCE. I can say only, Mr. Chairman, that the judgment of those who framed the bill was to the contrary.

Mr. REILLY. Mr. Chairman, the gentleman from New York has misconceived the purpose of the appropriation contained in section 6 of this bill.

It is not intended that the corporation shall hire newspaper space or time on the radio, but the idea is that they will send men into different communities, such as the gentleman from Massachusetts [Mr. LUCE] has described, to urge the organization of thrift associations. It is nothing more nor less than a recognition of the importance of these thrift associations to the home-building movement of this country.

I may say that the building and loan associations of this country, which the gentleman from Missouri said were the special recipients of the benefits of the home-loan bank bill, are doing and have done more to build homes and thereby making our country a country of home owners, than any other institution we have. Something like 8,000,000 homes have been financed and built in this country by home financing institutions. Out of the 36,000 homes built last year more than 19,000 were built and financed by home building and loan associations.

The object of this appropriation is to encourage and build up in these communities that have no thrift association, institutions that will encourage the home-owning and home-building idea, which is the real foundation and stability of our country.

This is a small amount of money to contribute for the purpose not of propaganda but for hiring men to go into communities to organize thrift institutions that will result in more home building.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. REILLY. I yield.

Mr. CELLER. There is nothing, so far as I can see from a reading of the language of the last portion of the section that the money may be spent without regard to the provisions of any other law governing expenditures of public funds which says that the heads of this organization may use those funds to buy space in newspapers, magazines, or purchase radio facilities. There is nothing to prevent it.

Mr. REILLY. I take it, the judgment of the corporation will be to send experts out to help communities organize thrift and savings institutions.

Mr. COCHRAN of Missouri. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, it has been charged during the consideration of this bill that some of us who offered amendments in good faith have been trying to strike out vital portions of the bill. The amendment that I offered and which was defeated by the speech of my good friend the gentleman from Massachusetts, Mr. LUCE, who told the Members of the House it would cost \$22,000,000,000, was offered in good faith.

It is true that if every man in this country who has a mortgage on his home appealed for recognition under this act it would cost such an amount, but I want to call the gentleman's attention to the fact that if every corporation and everyone entitled to recognition under the Reconstruction Finance Corporation Act appealed to the Reconstruction Finance Corporation for relief, it would cost \$100,000,000,000, or possibly twice that amount. We could not answer the speech of the gentleman from Massachusetts, as the time had expired.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. I will yield later.

The gentleman from Massachusetts knows as well as I that only a small portion of the people eligible are going to take advantage of this act.

I think the most dangerous part of this bill is that section wherein appear the words which provide that the bonds shall carry upon their face a notation that they are Government instrumentalities. This gives an opportunity to the high-powered salesmen to go to the innocent investor and say: "Here is a Government obligation. Read what it says on its face." You know all the Government does in respect to the bonds is to guarantee the interest. I think you are making a grave mistake when you leave this provision in the bill. It should be stricken out.

I am going to vote for this bill with the hope that when it gets to the Senate we will get a real relief bill which will prevent distressed home owners from losing their homes because they cannot refinance their obligations.

I have an amendment at the desk similar to the amendment offered by the gentleman from New York to strike out this section. It is a willful waste of public funds to appropriate \$250,000 to send men into communities for the purpose of getting them to organize associations to take advantage of this act; more jobs at the taxpayers' expense at a time when we are, by reducing expenditures, separating thousands of faithful employees from their positions.

If the local communities are not sufficiently interested to organize their own associations, why not let them stay out? There is absolutely no reason why you should waste this \$250,000 of public funds, and this section should be taken out of the bill.

I have constituents, and many of them, and I am in the same position as other Members, who are looking for jobs, but I am not trying to get them jobs at the expense of the public or by taking funds out of the Public Treasury when there is no necessity for it.

I now yield to the gentleman from Alabama, the chairman of the committee.

Mr. STEAGALL. I have asked the gentleman to yield in order that I may ask, to meet his wishes and the wishes of the committee, unanimous consent to amend the bill on page 5 by striking out, after the word "subsection", the language down to and including the word "and" in line 3.

Mr. COCHRAN of Missouri. That is the amendment which I offered and I yield to the gentleman for that purpose.

Mr. STEAGALL. This strikes out the provision which declares that the bonds are the instrumentalities of the Government and should so state on their face.

Mr. COCHRAN of Missouri. That is the amendment I offered after all time had expired. I was unable to explain to the Committee the purpose of my amendment, which I would have done if I had had the opportunity.

Mr. CELLER. Mr. Chairman, reserving the right to object, may we have the request stated again?

Mr. STEAGALL. To strike out, on page 5, line 1, all after the word "subsection" down to and including the word

"and" in line 3. I will state for the information of the committee that the language stricken is "shall be instrumentalities of the United States and shall so state on the face thereof." The amendment would eliminate this language from the bill.

Mr. GOSS. Mr. Chairman, a parliamentary inquiry. If we go back to section 4, page 5, would that throw all of section 4 open to amendment?

The CHAIRMAN. It would be necessary to obtain the unanimous consent of the Committee to do that, of course.

Mr. GOSS. Then other amendments could be offered to that section?

The CHAIRMAN. Under the request, if the Committee returns to that section of the bill it would be for the purpose only of offering the amendment stated by the chairman of the committee.

Mr. GOLDSBOROUGH. Will the gentleman from Alabama yield?

Mr. STEAGALL. I yield.

Mr. GOLDSBOROUGH. I may say to the Committee that the language contained in the amendment suggested now by the gentleman from Alabama was stricken out in committee, but remained in the bill by mistake.

Mr. GREEN. Mr. Chairman, I reserve the right to object, and I hope the Committee will bear with me just a moment. We have recently discovered that the Board handling the home-loan business has ruled that if a municipality or a county or a taxing district has defaulted on its bonds, not a single home owner in such a community can receive one of these loans. We find that only eight States in the Union can have every one of its districts come under this bill. I want the Committee to also give permission to my colleague from Florida to reoffer his amendment, which would correct this ruling of the Board.

Mr. MARTIN of Oregon. Mr. Chairman, I object.

Mr. COCHRAN of Missouri. I hope the gentleman will let each proposition be handled on its own merits.

Mr. STEAGALL. If the gentleman will permit, I may say to my friend from Florida that the Board in the very necessities of the situation has never passed upon, and could not have passed upon, any such question under this bill. This is new legislation and is entirely apart from the original home loan bill, and, of course, no such ruling could have been made.

Mr. GREEN. Will not the same Board handle this fund?

Mr. STEAGALL. And the primary purpose of this legislation is to grant relief by taking care of taxes and other assessments and liens on property for home owners who find themselves in the very difficulties to which the gentleman refers.

Mr. GREEN. Will not the same Board handle this bill?

Mr. STEAGALL. Yes; but it is a different bill.

Mr. GREEN. The same Board will handle the bill, and I may tell the gentleman that they have only recently made this ruling, and there are only seven States that come within this ruling.

The CHAIRMAN. The question before the Committee is whether or not unanimous consent shall be given to return to section 4 of the bill for the purpose of considering the amendment stated by the chairman of the committee. Is there objection?

Mr. MARTIN of Oregon. I object.

Mr. GREEN. The gentleman's State is one of the States I referred to and he is objecting to this for his own State.

Mr. BLANCHARD. Mr. Chairman, I rise in support of the amendment offered by the gentleman from New York [Mr. CELLER].

Mr. Chairman, as I said yesterday, I have the highest respect for the judgment of the gentleman from Massachusetts [Mr. LUCE], who is a member of this committee; and may I say I have also the highest respect for my colleague from Wisconsin [Mr. REILLY], who spoke in opposition to the amendment offered by the gentleman from New York [Mr. CELLER]; but we will observe in the proceedings here today some disposition at least on the part of members of the committee to accept amendments, and we will observe, I take it,

when this bill goes to the Senate, that other amendments will be in order.

I think this amendment is highly proper.

I merely wish to make this observation: The interest rate in the farm mortgage bill is not satisfactory nor is the interest rate in this bill satisfactory to me personally; the interest rate to both farmers and city home owners should be lowered; but my personal consideration in the matter is not an objection to the bill in its entirety nor to the purpose it seeks to accomplish. But I do want to protest vigorously against the appropriation of \$250,000 for the purpose stated by the gentleman from Massachusetts and by the gentleman from Wisconsin [Mr. REILLY]. I think the time has come when we ought to put a stop to appropriating public funds for that purpose. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. CELLER].

The question was taken; and on a division (demanded by Mr. CELLER) there were 41 ayes and 76 noes.

So the amendment was rejected.

Mr. GLOVER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 15, line 1, after the word "of", strike out "\$250,000" and insert in lieu thereof the sum of "\$100,000."

Mr. GLOVER. Mr. Chairman and gentlemen of the Committee, I agree with the gentleman from New York that this is a worthless part of the bill. I think it is a waste of money that ought not to be tolerated now. If it has any good purpose, it can be accomplished with much less money than the amount appropriated in the bill. Two hundred and fifty thousand dollars in this day is equivalent to one half million dollars 2 years ago.

I agree with the contention of the gentleman from New York that if this can be organized and if it is to be of any service, the communities will avail themselves of it without having this propaganda by persons going around drawing big salaries from the United States Treasury and accomplishing nothing.

There is somebody back of this thing that wants that \$250,000. [Laughter.] I imagine they are high-pressure gentlemen that can go out and make the country believe that they are getting United States securities, when they are getting not that but are getting, unless this succeeds well, paper that is not worth 75 cents on the dollar.

I do not believe in appropriating Government money to fool the people. I do not know, but I believe there is not a man on this floor who would pay hard cash to buy the bonds provided in this bill. If there is a man let him stand up. I would not do it, and you would not do it; it is not right to impose on the public by sending out high-pressure salesmen and have them sell these securities to the innocent public who do not know anything about it.

You are saying that these are Government instrumentalities, and these high-pressure salesmen go out and say, "The United States Government is back of this—look on the face of it and you will see that it is." I do not think money should be taken from the Public Treasury for any such purpose.

If these associations can be organized in the country, they will encourage all of this; but let us not take the money out of the United States Treasury and spend \$250,000 to accomplish what little could be accomplished under this provision of the bill. You can certainly do this with \$100,000. With \$100,000 today you can hire a lot of slick-tongued folks to go out and peddle this propaganda.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. Yes.

Mr. FULMER. In order to say to my friend that the Federal Farm Board in trying to sell the Marketing Act to the country hired some alleged experts at \$6,500 a year and expenses to do that, and they spent a good lot of the \$500,000,000, and it was just like putting that much money into a rat hole.

Mr. GLOVER. Yes; and these high-powered gentlemen have sold about \$30,000,000,000 worth of securities in this country that are not worth anything.

Mr. LOZIER. Is it not true that if there is any merit in this section, any justification in the expenditure of this money for this purpose, \$100,000 would be more than adequate until the next session of Congress convenes, and then, if it is found more is needed, the amount can be increased?

Mr. GLOVER. Certainly.

Mr. MARTIN of Oregon. Who is going to compose this board that is going to make these home loans?

Mr. GLOVER. The gentleman will have to find out. I do not know.

Mr. MARTIN of Oregon. If there are to be three Democrats on there—

Mr. GLOVER. Oh, I do not know whether it is Democratic or Republican. I do not enter into cheap politics in a discussion of this kind.

Mr. MARTIN of Oregon. But I object to having a board of our own party criticized in that way.

Mr. GLOVER. Oh, we have had inaccuracies on both sides of the Chamber. I am trying to keep ourselves from digging a pit into which we may fall and be criticized for it hereafter.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The question was taken; and on a division (demanded by Mr. GLOVER) there were—ayes 90, noes 67.

So the amendment was agreed to.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last two words. Before we relinquish all opportunity to pass on the suggestion made by the chairman of the committee, I am exhibiting here a facsimile reproduction of a joint-stock land bank bond, that was issued by the Joint Stock Land Bank of Detroit, Mich. If you will examine the bond you will notice that it states on its face:

shall be deemed and held to be an instrumentality of the United States.

That is the language of the bill that we are considering at the present time. These bonds recite upon their face that they are to be instrumentalities of the United States. If you will take the bond and turn over to the back side, you will observe in very small print this statement:

This bond is issued under authorization from the Federal Farm Loan Board and is secured by United States bonds or approved first mortgages on farm land.

Now, when a high-pressure salesman comes around to sell you one of these bonds he will say, "This is an instrumentality of the United States Government. Look at it! Read it for yourself! It states so right on the face of the bond."

But you do not often closely examine the small print on the rear side of a bond. The result is, you are buying something that you think is a Government bond or something that is backed by Government bonds, when, as a matter of fact, it may be backed by a mortgage that is not all too secure. This opens the way for fraud. It opens the way for difficulty for investors, and that fact was made patent in the hearings before the Senate Subcommittee on Finance in connection with the refinancing of past-due obligations on farms and homes that were held in January of this year.

Mr. MAY. Will the gentleman yield?

Mr. DIRKSEN. Not just now. The vice president of the First Trust Joint Stock Land Bank of Chicago appeared before the committee and made this statement:

I think probably if Congress had foreseen the situation, they would have worded that a little bit differently, if they thought that we were to reach the situation where we now are and the situation we are in at the present time.

The testimony before that committee shows that substantial business men and bankers in this country were hoodwinked by the language on the face of the bond. I say to the committee here and now that it will be a sad reflection upon the judgment and discernment of this Committee if they fail to go back, on the recommendation of the Com-

mittee on Banking and Currency, and see that the language that is printed on these bonds is not corrected so that the investors may not say they have been hoodwinked by the language written into this instrumentality by the Congress of the United States. I say let us heed well, and I say to the gentleman who made objection to the request of the committee, that he should withdraw the objection, because here is evidence that business men and small investors alike were hoodwinked by the language on the bond, and it cost untold thousands to the investors of this Nation.

Mr. MAY. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MAY. I offered an amendment today, on page 5, to add the words "and direct obligations of", which would have made them direct obligations of the United States Government, but that was defeated.

Mr. DIRKSEN. But that does not do any good unless we go back to the recommendation of the Committee on Banking and Currency; and we will rue the day if any man in this Committee, because of his own selfishness, refuses to withdraw his objection and see that that correction is made. [Applause.]

Mr. EVANS. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. EVANS. I have received letters from constituents of mine recently wherein they state that they bought these bonds, believing they were Government bonds, and later found out they were not.

Mr. DONDERO. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. DONDERO. Is it not also true that the people of the United States who hold mortgages now that have some value will be induced to take these bonds, believing they are backed by the United States Government, when they are not?

Mr. DIRKSEN. Exactly. It requires no words of persuasion on my part. I have shown you a facsimile of the kind of bond that will be issued under the terms of this act, and it shows how people can be led into a species of fraud by that kind of language.

Mr. LUCE. Mr. Chairman, it ought to be recorded here that the cause of all this is a decision of the United States Supreme Court that these bonds are instrumentalities of the Government.

Mr. DIRKSEN. Then something should be done about it, because here is evidence that people have spent their money.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. DIRKSEN] has expired.

Mr. STEAGALL. Mr. Chairman, I desire to submit a unanimous-consent request. I desire to ask unanimous consent to return to section 4 to offer an amendment to strike out the language indicated on page 5 after the word "subsection", down to and including the word "and" on line 3.

The CHAIRMAN. The gentleman from Alabama [Mr. STEAGALL] asks unanimous consent to return to section 4 for the purpose of striking out the language indicated on page 5. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Chairman, I now move to strike out in line 1, on page 5, all the language after the word "subsection" down to and including the word "and" in line 3.

The Clerk read as follows:

Amendment offered by Mr. STEAGALL: Page 5, line 1, after the word "subsection", strike out all down to and including the word "and" in line 3.

Mr. O'MALLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'MALLEY. Do I understand this is an amendment to that section?

The CHAIRMAN. That is correct.

Mr. O'MALLEY. I desire to submit an amendment to the amendment offered by the gentleman from Alabama.

Mr. COCHRAN of Missouri. Mr. Chairman, I make the point of order that the unanimous-consent request was solely for the purpose of striking out this language, and that was agreed to by the House.

The CHAIRMAN. The unanimous-consent request was to return to section 4 for the purpose of considering an amendment on page 5, as indicated, and therefore the gentleman from Wisconsin [Mr. O'MALLEY] is recognized and the amendment will be reported by the Clerk.

The Clerk read as follows:

Amendment by Mr. O'MALLEY: Page 5, line 3, after the word "thereof", strike out "and shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate inheritance, and gift taxes) now or hereafter imposed by the United States or any district, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority."

Mr. STEAGALL. Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. STEAGALL. The point of order is that the amendment which has just been read does not relate to the amendment offered under the unanimous-consent agreement.

The CHAIRMAN. Does the gentleman from Wisconsin desire to be heard upon the point of order?

Mr. O'MALLEY. I do.

Mr. GOSS. Mr. Chairman, I make the further point of order that the House in Committee of the Whole has already passed upon a similar amendment.

Mr. O'CONNOR. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will first hear the gentleman from Wisconsin on the point of order made by the gentleman from Alabama.

Mr. O'MALLEY. Mr. Chairman, the amendment proposed by the distinguished chairman of the committee, the gentleman from Alabama, seeks to strike out the words that would make these bonds instrumentalities of the United States or allow them to be construed as being instrumentalities of the United States.

My amendment to the amendment of the gentleman from Alabama is to strike out the further part of the section which makes these bonds exempt from taxation.

I am entirely opposed to any more tax-exempt bonds of the United States being released upon the public by Congress; and I believe that if we are to decide here that these are not to be instrumentalities of the United States we likewise remove all reason why these bonds should be exempt from taxation.

I believe upon this basis my amendment is entirely germane and that it should and can be a part of the amendment of the gentleman from Alabama.

The CHAIRMAN. The Chair will now hear the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. The gentleman from Alabama, the chairman of the committee, reiterated what is a delusion. His unanimous-consent request was merely to return to the page. He then made a motion to strike out certain language which is a mere amendment which may be amended in any way that is germane.

The gentleman from Wisconsin then offered an amendment to the amendment of the gentleman from Alabama to strike out additional language. This is the situation at the present moment. The amendment of the gentleman from Wisconsin clearly is in order at this time, the unanimous-consent request having been granted.

Mr. MAY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MAY. Since the section has been returned to, would my amendment to the section which was once passed on now be in order?

The CHAIRMAN. It would not. The unanimous-consent request was to return to the section to offer a particular amendment.

Mr. STEAGALL. That is the situation precisely.

Mr. O'CONNOR. Mr. Chairman, the unanimous-consent request was to return to page 5 to offer a certain amendment. Until the Committee is advised as to that amendment they are not passing on the proposed amendment. They have passed on the unanimous-consent request before they knew what amendment was to be offered.

The CHAIRMAN. The request was coupled with a statement of the purpose in returning to the section, which was to offer an amendment. The Clerk so noted the language at the time and the request was put to the House as one embodying this purpose. Therefore, the only question before the Chair is the germaneness of the amendment offered by the gentleman from Wisconsin to the amendment offered by the gentleman from Alabama.

Mr. O'MALLEY. Mr. Chairman, has the Chair ruled upon the germaneness of my amendment?

The CHAIRMAN. The Chair has not. The Chair is ready to rule.

Mr. MILLARD. Mr. Chairman, I do not care to discuss the first point of order. The gentleman from Connecticut raised the additional point of order that a similar amendment had already been passed upon by the committee.

Mr. GOSS. Today.

Mr. MILLARD. Today, said amendment having been offered by the gentleman from Pennsylvania [Mr. STOKES].

The CHAIRMAN. The Chair may state that the suggestion made by the gentleman that the matter has already been passed on is just one additional reason why the Chair holds that the amendment to the amendment offered by the gentleman from Alabama is not germane and therefore not in order.

The point of order is sustained as to both points raised by the gentleman.

The question is on the amendment offered by the gentleman from Alabama.

The amendment was agreed to.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last two words.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield that I may submit a unanimous-consent request?

Mr. McGUGIN. I yield to the gentleman for that purpose.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on the pending section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. McGUGIN. Mr. Chairman, I was very much impressed by the remarks of the gentleman from Illinois, who spoke a few minutes ago. No matter what phraseology we put in this bill when these bonds go out to the public as tax exempt, with the Government guaranteeing the payment of the interest, it is going to follow as night follows day that the buying public will believe these are obligations of the Government. We all know that down the road these bonds are not going to be good as to principal 100 cents on the dollar, because the security back of them is bound to be mortgages which are in distress at the very time they are exchanged for these bonds.

This brings us to the point of how helpless we are and how hopeless is our task in what we are trying to do under this bill. There are about \$10,000,000,000 of these mortgages very much in distress, and it is going to require about \$10,000,000,000 to take care of them.

We might as well face realities as they are and not try to dodge them. Is anyone going to say that the Government should bear the responsibility of meeting the entire \$9,000,000,000 or \$10,000,000,000 of these mortgages? It seems to me we should be honest with the people of this country and not lead them into these false hopes. I do not believe the Government of the United States can take care of the mortgages of this country. There are too many of them. There are about \$10,000,000,000 of this class of city mortgages, perhaps \$15,000,000,000 altogether, and \$9,000,000,000 or \$10,000,000,000 of real-estate mortgages.

The truth of the thing is I do not believe these mortgages can ever be paid by the Government or by the people under present conditions. I do not believe they ever can be paid until we can raise the price level so the people themselves are able to pay their debts. If the price level is raised, then this means, I believe, that the one program which is essential

for Congress to enact is to give the President, as quickly as possible, the power he has requested pertaining to the control of money. [Applause.]

This is a source from which we may obtain relief. There is another reason why I want this power lodged in the White House as quickly as possible. The truth of the matter is that if it is not lodged in the White House quickly the pressure which is coming upon Congress to pass bills such as this will be increased and when the people in the country find they will not work, it is going to mean that Congress will have to pass specific measures pertaining to inflation in order to meet such obligations. There will be the soldiers' bonus and there will be a specific issue of money to take care of city mortgages, farm mortgages, public works, and what not, which will probably lead to fifteen or twenty or thirty billion dollars, which will mean unbridled inflation.

Mr. WADSWORTH. Will the gentleman yield?

Mr. McGUGIN. I yield to the gentleman from New York.

Mr. WADSWORTH. I was about to ask the gentleman from Kansas, in view of the prospect he has painted of inflation or the revaluing of the dollar or reducing its gold content, what he thought would happen in such an event to the bonds provided for under this proposed act and under the Farm Mortgage Act.

Mr. McGUGIN. If they are payable in dollars, they will be payable in whatever kind of a dollar is in circulation.

Mr. WADSWORTH. That is very interesting.

Mr. McGUGIN. I will say to my friend from New York if I were opposed to any inflation I would crave an opportunity today to put this responsibility in the hands of the President, because I would know that if it is left with the Congress the inflation will be unbridled in a few months. You conservatives who are opposed to inflation and would prevent the transfer of this authority to the President, if you could, would only bring the crash down upon yourselves because of the inflation that is bound to come if we leave things to their natural course. The pressure that is going to be upon Congress and the people will not be for controlled inflation such as the President is in position to control, but will be an uncontrolled inflation and an unbridled inflation. If you want to save this country from uncontrolled inflation, put the power in the hands of the only authority that can control it, the President of the United States. [Applause.]

[Here the gavel fell.]

The Clerk concluded the reading of the bill.

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The CHAIRMAN. I call the attention of the chairman of the committee to the fact that there has been a new section adopted in the course of the consideration of the bill and therefore, without objection, the numbering of the sections will be changed accordingly.

There was no objection.

Mr. HEALEY. Mr. Chairman, I have an amendment which I ask the Clerk to report.

The CHAIRMAN. A motion to amend has precedence over a motion to rise. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HEALEY: Page 15, line 10, after the word "false", strike out "or whoever willfully overvalues any security."

Mr. GOSS. Mr. Chairman, I make the point of order we have already passed that section.

The CHAIRMAN. The section to which the amendment is applicable, as well as the succeeding section, has been read. The point of order is sustained.

The question is on the motion of the gentleman from Alabama that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. DRIVER, Chairman of the Committee

of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 5240) to provide emergency relief with respect to home mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. McFADDEN. Mr. Speaker, I offer the following motion to recommit.

The SPEAKER. Is the gentleman against the bill?

Mr. McFADDEN. I am.

The Clerk read as follows:

Mr. McFADDEN moves to recommit the bill to the Committee on Banking and Currency with instructions to report it back forthwith, with the following amendments, and on that motion demands the previous question:

Amendments offered by Mr. McFADDEN on motion to recommit: Page 4, strike out, beginning with line 3, down through line 13 on page 5 and insert:

"(c) The Secretary of the Treasury is authorized to issue bonds of the United States in an amount not to exceed \$2,000,000,000, and such bonds shall be transferred to the corporation by the Secretary of the Treasury at such times and in such amounts as the Secretary of the Treasury and the corporation determine to be necessary for the purposes of carrying out the provisions of this section. Such bonds shall be subject to all the conditions and limitations prescribed with respect to bonds which are now authorized to be issued under the various Liberty bond acts, as amended and supplemented, including the provisions with reference to the method of issuance, the form, denominations, redemption, conversion, maturities, time, and method of payment of principal and interest, circulation privilege, refunding, and exemption from taxation, except that the rate of interest on such bonds shall not exceed 2 percent per annum. The sinking fund provided in section 6 of the Victory Liberty Loan Act, as amended, is hereby authorized to be made available for the retirement (subject to all the conditions and limitations contained in such section) of bonds issued under this subsection. For each fiscal year beginning with the fiscal year 1934, until all bonds issued under this subsection are retired, there is authorized to be appropriated, for the purposes of such sinking fund, in addition to amounts otherwise appropriated, an amount equal to 2½ percent of the aggregate face value of the outstanding bonds issued under this subsection. There is authorized to be appropriated such sums as may be necessary to make interest payments on such bonds."

Page 5, line 16, strike out "issued by" and insert "transferred to."

Page 9, line 10, strike out "its bonds" and insert "bonds transferred to it."

Page 9, lines 16 and 17, strike out "retire and cancel the bonds and" and insert: "pay to the Secretary of the Treasury such sums as will enable him to pay the interest on and to retire and cancel bonds transferred to the corporation and to retire and cancel the."

Page 9, line 24, after "States", insert: "and so much of the amount so paid as may be necessary shall be used by the Secretary of the Treasury to retire and cancel the bonds transferred to the corporation under subsection (c)."

Page 7, line 2, strike out "5 percent" and insert "3 percent."

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. STEAGALL. And on that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 383, nays 4, not voting 44, as follows:

[Roll No. 26]

YEAS—383

Abernethy	Dingell	Kemp	Randolph
Adair	Dirksen	Kennedy, Md.	Rankin
Adams	Disney	Kenney	Ransley
Allen	Dobbins	Kerr	Rayburn
Allgood	Dondero	Kinzer	Reece
Almon	Doughton	Kleberg	Reed, N.Y.
Andrew, Mass.	Douglass	Kloeb	Reid, Ill.
Andrews, N.Y.	Doutrich	Kniffin	Reilly
Arens	Dowell	Knutson	Rich
Arnold	Doxey	Kocalkowski	Richards
Auf der Heide	Drewry	Kopplemann	Richardson
Ayres, Kans.	Driver	Kramer	Robertson
Bacharach	Duffey	Kurtz	Robinson
Bacon	Duncan, Mo.	Kvale	Rogers, Mass.
Beam	Dunn	Lambertson	Rogers, N.H.
Beck	Durgan, Ind.	Lambeth	Rogers, Okla.
Beedy	Eagle	Lamneck	Romjue
Belter	Eaton	Lanham	Rudd
Berlin	Edmonds	Lanzetta	Ruffin
Biermann	Elcher	Larrabee	Sabath
Black	Ellzey, Miss.	Lea, Calif.	Sadowski
Blanchard	Eltse, Calif.	Lee, Mo.	Sanders
Bland	Englebright	Lehlbach	Sandlin
Bloom	Evans	Lehr	Schaefer
Boehne	Faddis	Lemke	Schuetz
Bolieu	Farley	Lesinski	Schulte
Boland	Fernandez	Lewis, Colo.	Scrugham
Bolton	Fish	Lewis, Md.	Sears
Boylan	Fitzgibbons	Lloyd	Secrest
Brennan	Fitzpatrick	Lozier	Seger
Briggs	Flannagan	Luce	Shallenberger
Britten	Fletcher	Ludlow	Shannon
Brooks	Focht	Lundeen	Shoemaker
Brown, Ky.	Ford	McCarthy	Simpson
Brown, Mich.	Foss	McClintic	Sinclair
Brumm	Foulkes	McCormack	Sirovich
Brunner	Frear	McDuffie	Sisson
Buchanan	Fuller	McFarlane	Smith, Va.
Buck	Fulmer	McGrath	Smith, Wash.
Bulwinkle	Gasque	McGugin	Snyder
Burch	Gavagan	McKeown	Somers, N.Y.
Burke, Calif.	Gibson	McLean	Spence
Burke, Nebr.	Gilchrist	McMillan	Stalker
Burnham	Gillespie	McReynolds	Steagall
Busby	Gillette	McSwain	Strong, Tex.
Byrns	Glover	Maloney, Conn.	Stubbs
Cady	Goldsborough	Maloney, La.	Studley
Caldwell	Goodwin	Mansfield	Sullivan
Carden	Goss	Mapes	Summers, Tex.
Carley	Granfield	Marland	Sutphin
Carpenter, Kans.	Gray	Marshall	Swank
Carpenter, Nebr.	Green	Martin, Colo.	Swick
Carter, Calif.	Greenwood	Martin, Mass.	Taber
Carter, Wyo.	Gregory	Martin, Oreg.	Tarver
Cartwright	Griffin	May	Taylor, Colo.
Cary	Griswold	Mead	Thom
Castellow	Guyer	Meeks	Thomason, Tex.
Cavichia	Haines	Merritt	Thompson, Ill.
Celler	Hamilton	Millard	Thurston
Chapman	Hancock, N.Y.	Miller	Tobey
Chase	Hancock, N.C.	Milligan	Traeger
Chavez	Harlan	Mitchell	Truax
Christianson	Hart	Monaghan	Turner
Church	Harter	Montet	Turpin
Claiborne	Hartley	Moran	Umstead
Clarke, N.Y.	Hastings	Morehead	Underwood
Cochran, Mo.	Healey	Mott	Utterback
Cochran, Pa.	Henney	Muldowney	Vinson, Ga.
Coffin	Hess	Murdock	Vinson, Ky.
Colden	Higgins	Musselwhite	Wadsworth
Cole	Hildebrandt	Nesbit	Waldron
Collins, Calif.	Hill, Ala.	Norton	Wallgren
Collins, Miss.	Hill, Knute	O'Brien	Wearin
Colmer	Hill, Sam B.	O'Connell	Weaver
Condon	Holdale	O'Connor	Weideman
Connolly	Holmes	O'Malley	Welch
Cooper, Ohio	Hooper	Oliver, Ala.	Werner
Cooper, Tenn.	Hope	Oliver, N.Y.	West
Cox	Howard	Owen	White
Cravens	Huddleston	Palmisano	Whitley
Crosby	Hughes	Parker, Ga.	Whittington
Cross	Imhoff	Parker, N.Y.	Wigglesworth
Crosser	Jacobsen	Parks	Wilcox
Crowe	James	Parsons	Williams
Crowther	Jeffers	Patman	Wilson
Culkin	Jenckes	Peavey	Withrow
Cullen	Jenkins	Peterson	Wolcott
Cummings	Johnson, Minn.	Pettengill	Wolfenden
Darden	Johnson, Okla.	Peyser	Wolverton
Darrow	Johnson, Tex.	Polk	Wood, Ga.
Dear	Johnson, W.Va.	Pou	Wood, Mo.
Deen	Jones	Powers	Woodruff
Delaney	Kee	Prall	Woodrum
De Priest	Keller	Ragon	Young
Dickinson	Kelly, Ill.	Ramsay	Zioncheck
Dies	Kelly, Pa.	Ramspeck	

NAYS—4

Bailey	Hoepfel	McFadden	Terrell
Ayers, Mont.	Bankhead	Brand	Buckbee
Bakewell	Blanton	Browning	Cannon, Mo.

NOT VOTING—44

Cannon, Wis.	Fiesinger	Major	Sweeney
Clark, N.C.	Gambrill	Montague	Taylor, S.C.
Connery	Gifford	Moynihan	Taylor, Tenn.
Corning	Hollister	Perkins	Tinkham
Crump	Hornor	Pierce	Treadway
DeRouen	Kahn	Smith, W. Va.	Walter
Dickstein	Kennedy, N.Y.	Snell	Warren
Ditter	Lindsay	Stokes	Watson
Dockweiler	McLeod	Strong, Pa.	Willford

So the bill was passed.

The following pair was announced:

Until further notice:

Mr. Blanton with Mr. Treadway.

Mr. CONNERY. Mr. Speaker, I arrived too late. I was detained by a hearing in the committee room. If I had been present, I would have voted "aye."

Mr. COOPER of Tennessee. Mr. Speaker, my colleague, Mr. CRUMP, is absent on account of illness. If present, he would have voted "aye." Mr. BROWNING, of Tennessee, is absent on business of the House. If present, he would vote "aye."

Mr. MARTIN of Oregon. Mr. Speaker, my colleague, Mr. PIERCE, is absent on account of illness. If here, he would have voted "aye."

Mr. CHAPMAN. Mr. Speaker, the gentleman from North Carolina, Mr. WARREN, is absent unavoidably. If present, he would vote "aye."

Mr. BYRNS. Mr. Speaker, the following Members are unavoidably absent; if present, they would vote "aye": Mr. HORNER, Mr. CRUMP, Mr. BANKHEAD, Mr. WARREN, Mr. PIERCE, Mr. LINDSAY, Mr. MONTAGUE, Mr. GAMBRILL, Mr. CORNING, Mr. BROWNING, Mr. KENNEDY of New York, Mr. SMITH of West Virginia, Mr. DICKSTEIN, Mr. WALTER, Mr. DOCKWEILER, Mr. MAJOR, Mr. DEROUEN, Mr. SWEENEY, Mr. TAYLOR of South Carolina, Mr. WILLFORD, Mr. CANNON of Wisconsin, Mr. CLARK of North Carolina, Mr. FIESINGER, Mr. AYERS of Montana, Mr. BRAND, and Mr. CONNERY.

Mr. LAMNECK. Mr. Speaker, my colleague, Mr. SWEENEY, is unavoidably absent. If present, he would vote "aye."

Mr. McSWAIN. Mr. Speaker, my colleague, Mr. TAYLOR of South Carolina, is absent on pressing business. If present, he would vote "aye."

Mr. O'MALLEY. Mr. Speaker, my colleague, Mr. CANNON of Wisconsin, is unavoidably absent. If present, he would vote "aye."

Mrs. KAHN. Mr. Speaker, the call bells did not ring and I did not arrive in time. If I had been present, I would have voted "aye."

Mr. WIGGLESWORTH. Mr. Speaker, the gentleman from Massachusetts, Mr. GIFFORD, and the gentleman from Massachusetts, Mr. TREADWAY, are unavoidably absent. If present, they would vote "aye."

Mr. MARTIN of Massachusetts. Mr. Speaker, the gentleman from New York, the minority leader, is temporarily absent from the Chamber. He authorized me to say that if present, he would vote "aye."

Mr. ENGLEBRIGHT. Mr. Speaker, the following Members are unavoidably absent; if present, they would vote "aye": Mr. WATSON, Mr. McLEOD, Mr. TAYLOR of Tennessee, Mr. BUCKBEE, Mr. STRONG of Pennsylvania, Mr. BAKEWELL, Mr. DITTER, Mr. HOLLISTER, Mr. MOYNIHAN, and Mr. STOKES.

The result of the vote was announced as above recorded.

On motion of Mr. STEAGALL, a motion to reconsider the vote whereby the bill was passed was laid on the table.

H.R. 5240—EXTENSION OF REMARKS

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that all Members have 5 days to extend their remarks on the bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. LANZETTA. Mr. Speaker, ladies and gentlemen of the House, the benefits accruing under bill H.R. 5240 to the home owners on whose property other tenants reside is too limited. The bill fails in its purpose with respect to this class, who are also commonly known as "home owners." We must realize that in most of the cities of the United

States there are many persons who have invested all their earnings and savings in dwellings, small apartments, and tenements, primarily for the purpose of establishing a home. Some of the properties owned by this type of owner are, in many cases, tenanted by more than three families and partly for business purposes, such as stores, storerooms, and so forth.

In dealing with the problem of helping the small-home owner we should not concern ourselves too much with the number of families tenanted the property but rather with the value of the property and whether it represents a speculation or a desire on the part of the purchaser to have a place to live in. This question can readily be determined by the value of the property. Of course, we all know that a large apartment or tenement house is purchased with something more in view than the making of a home for oneself. On the other hand we must not lose sight of the fact that in most cities very few tenements or small apartments can be bought for less than \$15,000, because the land values are very high and average between \$6,000 and \$10,000 per lot. It is because of the high land values that most of the dwellings, tenements, and small apartments, must, of necessity, have part of the property available for business purposes, in order to obtain a return sufficient to carry the heavy charges on the property.

Many so-called "moderate private houses" and "small apartments" cost much more than \$25,000, and the purchaser of this type of property, who invests his life savings and buys it primarily for the purpose of making it his home, should not be considered in a different light from his rural neighbor who purchases a one-family house for his home.

I know, from my own knowledge, that this type of home owner has been hard hit since 1929. Many of his tenants have been unable to pay rent, but they, nevertheless, have been permitted to remain because of the friendly feeling existing between the owner and the tenant, from a long and intimate association.

In many cases, these owners, on the promise of payment have been requested by charity organizations to continue tenants, and I know that in many instances payments were not made and the tenants moved out owing substantial amounts.

Right now in New York City many tenants owe 6, 7, and 8 months' rent because the Home Relief Bureau in no case will pay rent every month. In most cases they pay rent every second or third month. These tenants who are the objects of charity have not been dispossessed, because to do so would practically mean a permanent vacancy; and the owner, rather than have a permanent vacancy, has contented himself with a rent payment every second or third month.

Because of these conditions the owner's income has been materially reduced, with the result that he has been delinquent and unable to pay interest and taxes, and many of them have lost their properties.

There is another and more serious problem which this type of home owner has been faced with during this depression, and that is the inability to obtain mortgage money. Large numbers have lost their properties on this account.

In the city of New York, for the past 2 years, savings banks and loan companies have refused to loan money on properties in districts commonly known as "tenement-house districts." They have even gone so far as to refuse to renew their own mortgages. In the cases where they did not foreclose they permitted the mortgages to remain open and callable at their will.

There are thousands of properties today, owned by this type of home owner, which are in immediate danger of being foreclosed, because it is impossible to obtain mortgage money to satisfy the expired mortgage. The owners are faced with the dark prospect of losing their homes and all their savings unless they receive some governmental aid.

Inasmuch as the purpose of this bill is also to help home owners of dwellings tenanted by other families, I feel that in order for this type of home owner to receive the help

he so sorely needs, the valuation limit should be raised to \$20,000, and I ask that my amendment be acted upon favorably by the Members of this House.

Mr. HOEPEL. Mr. Speaker and Members of the House, in the bill now under discussion we are dealing with the most-cherished institution in America, in fact, in the world—our homes. The administrative majority is forcing us to vote on this question without permitting free debate on remedial and helpful amendments which are offered, thus preventing Representatives from presenting the viewpoints of their constituents on a problem as vital as this is to the welfare of the American citizen.

The measure under discussion is framed primarily to validate and legalize the defaulted investments of the bankers and loan associations of America. It permits these lending agencies to continue their unmerciful attack on the unemployed citizen whose home is encumbered with a mortgage. This measure is a very buoyant life preserver for the bankers and the loan associations of America while, at the same time, it is a lead sinker for the heavily mortgaged citizen whose hopes for relief decrease in exact ratio to the advantages granted to the lender.

It is firmly established by the debate which has thus far taken place that practically none of the tax-exempt bonds provided in this act will be sold to the public, but will be merely transferred to the mortgagee for the mortgage which will be turned over to the loan corporation. To be more specific, the mortgagee will thus be in a position to transfer the defaulted indebtedness of the home owner to the corporation and in return therefor receive a valid bond, on which the interest payments are guaranteed.

Recognizing the merciless character of the money lenders of America, as evidenced by the vast number of foreclosures which have already taken place, it is easily understood that the loan companies will not avail themselves of this provision unless, in their judgment, the existing mortgage on the property is of doubtful value to them, or at least not as good a risk as would be the bonds.

Not only will the loan companies receive 4 percent interest on these bonds—today they are not receiving interest or principal from the mortgagor—but they also, in addition, will be in a position to turn these bonds into the Federal Reserve System and thus obtain cash for bonds, which cash they may again relend to the public on new mortgages or on commercial activities, thus insuring them a double interest return.

The continued issuance of tax-exempt bonds, bearing such high rates of interest, will ultimately, if not soon curtailed, absorb the entire revenue of Government. The national interest on existing bonds approximates \$700,000,000 which is an inordinate burden on the taxpayers.

The \$2,000,000,000 of bonds proposed under this bill have as security the mortgages which are based on the value of the home. Therefore, instead of issuing bonds carrying 4 percent interest and turning them over to the bankers and loan companies on which they will immediately receive currency from the Federal Reserve System, it is more appropriate in the interest of the taxpayer that the Government itself issue these bonds, based on the security of the mortgage and home, deposit them with the Treasurer of the United States, and, through the Comptroller of the Currency, issue currency to the value of these bonds, and thus redeem the mortgages directly from the mortgagee.

If a plan of this nature is adopted, the interest rate could be reduced to as low as 2 percent or less, which would be an admirable advantage to the impoverished, mortgaged home owner, and all profits accruing therefrom would redound to the credit of the United States, rather than to the credit of the loan companies as will occur if we issue 4-percent tax-exempt bonds to their credit.

If it is not desired to issue bonds to deposit with the Secretary of the Treasury as indicated, sufficient funds to pay the mortgagees to the extent of \$2,000,000,000 or more could be easily obtained by the liberalization and extension of our present Postal Savings law. If the limit of deposit is removed and the depositor is given a negotiable receipt

for his deposit when made, billions of dollars will come out from hoarding and be deposited in the Postal Savings Department. There is today over \$1,000,000,000 on deposit in the Postal Savings fund which the Government lends to the bankers at 2½ percent. It is my contention that the interest of the American people, the distressed and impoverished farmer and home owner, is paramount to that of the bankers. With a liberalization of the Postal Savings laws, the deposits in the Department would aggregate billions of dollars within a very short period.

Therefore, rather than to lend these Government Postal Savings funds to the bankers of America at 2½ percent, the Government could and should lend this money directly to the American citizen, to the farmer, and mortgaged home owners at the same low rate of interest, viz, 2½ percent, as today applies in the lending of these funds to the bankers.

The bill under discussion is weak in its construction inasmuch as it provides for only approximately 50 percent of the homes in America which are in mortgage default. Consequently it is safe to assume that at least half of the mortgaged homes in America which are in default, especially those where the mortgages are not held by bankers or loan companies, will be carried on to foreclosure since it is apparent to anyone who will read the bill, or who has heard the discussion, that this bill is nothing other than an extremely buoyant life preserver for the bankers and loan companies of America, and a sop to the impoverished and unemployed American citizen who is heavily mortgaged and who desires to maintain and retain his home.

In view of the facts as indicated herewith, I vehemently protest the passage of a bill which has for its prime objective the salvation of those who, through undue and faulty extensions of credit, have brought our financial structure to its present plight and who are the very first to cry for relief, which this bill seeks to give them to the exclusion of first protecting the interest of the mortgagor.

Mr. SMITH of Washington. Mr. Speaker, the strength of a nation consists in the homes of its people. This debate recalls to our minds the tribute which William Pitt, the great commoner, delivered in Parliament to the cottage of the British people. He stated, as I recall, that that home may be frail, the roof may shake, the wind may blow through it, the storms may enter, the rain may enter—but the King of England cannot enter; all his forces dare not cross the threshold.

However, the saddest phase to me of the panic which has ravaged our country is the fact, as recently established, that grim poverty and unemployment have entered the home of the American people and caused the loss of the homes of 5,000,000 of our citizens by mortgage foreclosure or tax sale. This is to these people a real tragedy when we consider the sacrifice and self-denial it means to the average American workingman to acquire a home of his own; and after he has done so the precious associations that hallow about that home, which becomes the center of the affections of his wife and his children, to all of whom that home is probably their dearest possession, and to have it taken away from them, and for them to be evicted after they have made payments upon it for a long period of years is, as I stated, a tragedy, and is also a serious menace to our Government and to our institutions.

The purpose of this bill is to render available the sum of \$2,000,000,000 to restore, redeem, rehabilitate, and save the homes of many of the American people, and, Mr. Speaker, when we save the homes of the American people we save America.

Mr. LEHR. Mr. Speaker, ever since word went out to the country that it was part of the President's program to re-finance home mortgages as a part of the general emergency program of the administration I have received a number of requests from constituents in my district asking for information in reference to this subject. From the nature of the requests and the information given to me by these constituents, I am satisfied that the only practical relief which can be furnished them would be by actual refinancing of their mortgages with money. The very keystone of the arch

of the American Nation is the home, and the community which has a large number of home owners has always been the most conservative and loyal community that we have in our country. Therefore it seems to me that we should do everything possible within our power to assist and aid the man who is desirous of owning a home for himself and his family. You show me a community that is composed largely of home owners, and I will show you a community that is happy, contented, and, under normal conditions, prosperous and on a solid foundation.

During the last few years of our so-called "inflated prosperity" a great drive was put on all over the country for people to purchase their homes, and to this extent the heads of families made every possible sacrifice in order to acquire a home in which to rear their children as patriotic American citizens. They went into debt way beyond their means under conditions as they now exist, and unless these home owners, the men and women who constitute the very backbone of our American people, are given help of a real substantial nature, the loss to these people in the future is going to be tremendous. In fact, it has already, during the past 3½ years, been terrific. So much has been said as to the relief that was to be afforded this class of our people, which includes myself, that I anticipated the consideration of this measure and its enactment into law with the greatest of pleasure, because I felt that as an emergency measure this was going to be one of the most important measures to come before the Congress. But I am frank to say that I am disappointed with the bill as it has been presented. I know that because of the publicity that has already gone out to the American people, and which will go out to the American people, that the great majority of our people will feel that they, as individual home owners who are still in debt on their homes, and some of them in an amount exceeding its present-day value, will be able to make application and procure the money from the Government to take up the present mortgage or pay off the contract and substitute therefor a new mortgage, running direct to the Government, conditioned on the payment of a lower rate of interest and the principal to be deferred over a long period of years.

If that were only true! But, alas, it is not so; the only relief which I can see in this measure for the individual home owner is that if he can get his mortgagee or his contract vendor to accept these Government bonds in lieu of the present mortgage or the contract, then he will be benefited, because, of course, this measure does give the home owner a lower rate of interest, and does permit him to pay off his obligation over a longer period of years. And, of course, it is going to be of benefit to those banks and building and loan associations and other mortgage institutions which will prefer to hold the Government bonds instead of the mortgages or land contracts, and so, because of this relief, although it is limited, I am in favor of the proposal.

The statement was made on the floor by one of the enthusiastic supporters of H.R. 5240 that this bill—

will provide direct, necessary, and urgent relief to millions of home owners in the United States, who are today threatened with the loss of their homes and the equity which has taken years to acquire.

I only wish that the optimistic views of the gentleman who thus expressed himself will be realized. I very seriously doubt it. I know that when the Federal Home Loan Bank Act was passed by the last session of the Congress the same optimism was expressed in reference to what that piece of legislation would accomplish, and yet to the best of my information and belief, there was not a single solitary individual home owner in the State of Michigan who received any relief as a result of that bill, and but very little help or assistance was received by the building and loan associations of my own State of Michigan.

I make this statement in order that my position in reference to this bill may be thoroughly understood, and in the hope that those who will have the immediate and direct charge of its administration will so liberalize the rules and regulations surrounding its administration that the quick-

est relief and the greatest relief possible can be given to the men and women of this Nation who today are in danger of losing their life savings which they have invested in that which we have always been taught to cherish so dearly—the home.

Mr. CANNON of Missouri. Mr. Speaker, we are falling into a loose practice which is not only a violation of the rules but which—like most departures from correct procedure—may subject Members of the House to serious embarrassment. Frequently of late, at the close of a yeas-and-nays vote, Members have secured recognition to announce how colleagues who failed to answer when their names were called would have voted if present. I feel free to refer to the subject because I failed to vote on the bill just passed. The bells failed to ring, and I was a minute late in reaching the floor.

The rule prohibiting such announcements has been repeatedly affirmed by decisions of the Chair. I recall that when a Member proposed to announce how he would have voted if present in the Sixty-third Congress, James R. Mann, of Illinois, characterized it as "wholly improper", and Speaker Clark sustained the objection and declined to recognize for the purpose with the emphatic comment that it was out of order. And each succeeding Speaker has affirmed that decision.

And there is a reason, Mr. Speaker. The rules of the House are based on equity and common sense, and that is particularly true in this instance. The rules do not permit a Member to be recorded unless he is present and answers when his name is called, and they do not permit him to vote by proxy. This practice in effect nullifies both provisions of the rules and places him on record on the announcement of a colleague.

But the injustice of the practice to other Members of the House is, perhaps, the greatest objection. Such absentees are always paired, and the announcement of their position on the question automatically records the other party to the pair on the opposite side of the question regardless of how he would have voted if present.

As a matter of fact such announcements are a reflection on all Members who fail to vote, as it infers less interest in the proceedings and less attention to the question at issue than that exhibited by the Member whose position is announced.

Furthermore, Mr. Speaker, the publication of such announcements in the RECORD encourages delinquency. When a Member can enter his appearance in this manner and be recorded by proxy on important roll calls he has less hesitancy in absenting himself. Something like 40 Members were included in a recent announcement of this character. If permitted to grow, we may soon have a situation where a majority of the membership may leave their vote and their conscience in the keeping of a colleague while they attend to more inviting matters.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. With pleasure.

Mr. DIRKSEN. Can the matter be corrected by making a point of order?

The SPEAKER. The Chair will state that the matter can be corrected by making a point of order.

Mr. MAPES. Mr. Speaker, is not the only way in which such a statement can be made, to first obtain unanimous consent to make a statement?

The SPEAKER. Yes.

Mr. MAPES. And then if he gets unanimous consent, he can say what he desires to. Unless he gets the floor in that way, he is out of order. Is not that true?

The SPEAKER. The Chair so understands it.

Mr. BYRNS. Mr. Speaker, I am perfectly aware of the past custom and practices of the House. I agree with what the gentleman from Missouri has said to the effect that this is a rather unusual procedure. I have been making these announcements because they have been made here heretofore. I really thought that very few minutes' time would be consumed not only in making the announcement that I

make, but in making the announcement that other Members have made. The Republican whip has been making similar announcements. I admit that the gentleman from Missouri is correct in his interpretation of the rule and the past practice of the House.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. PARSONS. Would it not be better form if gentlemen want to have their positions stated, to have the names submitted to the desk here and included in the RECORD without their taking up the time in making the announcement?

Mr. BYRNS. I do not controvert that; but I merely rose to say what I have said in explanation of what I did awhile ago.

Mr. CANNON of Missouri. Mr. Speaker, it is not a question of the time consumed. That is immaterial. It is a matter of maintaining the integrity of the proceedings of the House and protecting the rights of absent Members. It is the custom, as everyone knows, for the clerks at the pair desk to pair every Member who does not vote, whether he asks to be paired or not. All Members who do not answer on roll call are paired without consulting their wishes or inquiring as to their attitude on the question on which the vote is taken. After a Member is so paired, if announcement is made as to how the Member with whom he is paired would have voted if present, he is thereby placed on record on the other side of the question. The possibilities of such a situation are at once apparent.

Mr. BACON. Is there a specific rule of the House against it, or is it the practice of the House? Is it contrary to the rules or to the practice of the House?

Mr. CANNON of Missouri. Both. The rules do not provide for it and the practice of the House does not permit it.

The SPEAKER. The Chair will read the rule:

Upon every roll call the names of the Members shall be called alphabetically by surname, except when two or more have the same surname, in which case the name of the State shall be added; and if there be two such Members from the same State, the whole name shall be called, and after the roll has been called once, the Clerk will call in their alphabetical order the names of those not voting; and thereafter the Speaker shall not entertain a request to record a vote or announce a pair unless the Member's name has been noted under clause 3 of this rule.

Clause 3 of the rule is the provision for an automatic roll call.

ADJOURNMENT OVER UNTIL MONDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. We are agreeable, of course, to adjourning over until Monday. Can the gentleman give us any information as to what the program on Monday will be?

Mr. BYRNS. I know of nothing except the farm-relief bill, which I understand probably will be passed by the Senate today. If that is so, it would be the expectation of the Chairman of the Committee on Agriculture to call it up on Monday and ask unanimous consent that it be sent to conference.

Mr. MARTIN of Massachusetts. There are no suspensions that the gentleman knows of?

The SPEAKER. It is not suspension day.

Mr. MARTIN of Massachusetts. There are several gentlemen who would like to talk under general debate, and I am wondering if the gentleman has given any thought to that.

Mr. BYRNS. If we have no further business other than I have mentioned, I do not think the House will object. Of course, that is a question for unanimous consent.

Mr. MARTIN of Massachusetts. Of course, the House may resolve itself into the Committee of the Whole House on the state of the Union.

Mr. BYRNS. Of course, that is a question of unanimous consent for the House. I assume there will be no objection.

The SPEAKER. The Chair desires to say that he was in error in the previous announcement. Monday is suspension day.

Mr. MARTIN of Massachusetts. Did I understand the Chair to say Monday is suspension day?

The SPEAKER. Yes.

Mr. MARTIN of Massachusetts. Are there any suspensions?

The SPEAKER. The Chair knows of none.

Mr. BYRNS. Mr. Speaker, was my request for adjournment over until Monday agreed to?

The SPEAKER. The Chair will put the request. Is there objection to the request of the gentleman from Tennessee that when the House adjourns today it adjourn to meet on Monday next?

There was no objection.

SHALL SILVER PRESERVE OR PAPER DESTROY THE GOLD STANDARD?

Mr. HARLAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HARLAN. Mr. Speaker, while there are doubtless many contributing factors to our present unhappy state, such as tariffs, wars, excessive armaments, the dislocation of capital through machine production, and international debts, the conviction that our monetary system is largely at fault is so prevalent that we will not willingly suffer it to continue unchanged.

The measures so far adopted by Congress have centered about two ideas: First, to force more rapid circulation of the money already in existence; and, second, to expand credit. To accomplish the first our Federal Reserve bank made heavy purchases of Government bonds; the public-building program was radically enlarged; great expenditures for charitable relief have been made, and now we are engaged in reforestation and other desirable but not necessary projects. All of these measures may have done some good; it is hoped that they will work no permanent harm.

Our second line of effort has been to force the expansion of credit. The Reconstruction Finance Corporation, the home-loan bank, the farm-mortgage refinancing bill, and our recent law authorizing the Federal Reserve bank to accept as a basis for the issuance of currency almost anything in the nature of an indebtedness. In their turn each has been hailed with loud acclaim but for some reason they have not produced the desired result. They have not started the factories to work; they have not increased the price of farm produce; they have not restored purchasing power. The new issue of Federal Reserve bank notes has received practically no use.

While this is all very disappointing, it is not difficult to understand. A country whose National, State, and private debts exceed the whole national wealth hardly needs an increase of indebtedness. Manifestly, it needs a radical decrease of indebtedness or an increase in wealth, either real or fictitious, by reducing the units of monetary measure. Until we get rid of these debts in some way, that confidence in the future which is necessary to trade can never be established. A manufacturer will not sell to a purchaser whom he suspects of being heavily in debt. An honest purchaser will not buy when he doubts his own capacity to pay. Since our debts exceed our wealth, manifestly it is impossible to liquidate those debts from capital. They are now and will remain a lien on future earning capacity. As long as our earnings must be largely dedicated to paying interest and taxes, they cannot be used to purchase the produce of our factories and farms. As long as this great pall of debt hangs over us, a restoration of purchasing power and of vital and necessary confidence is impossible.

This loss of confidence has driven men to seek to convert their wealth into money and then to hoard. They no longer desire the ownership of commodities; they seek only the possession of money. This is largely responsible for the destruction of commodity prices and the enhancement of the value of gold. Another important factor in the unexampled increase in the value of gold has been the demonetization of silver throughout the European possessions in Asia. It is as impossible to compel a river to flow uphill

as to liquidate these debts with commodities at their present price level.

There are two ways by which these debts can be escaped: First, by bankruptcy; and, second, by an artificial manipulation of the monetary unit. During the last 3 years we have given bankruptcy a very thorough trial. Outside of historical periods of war, pestilence, and famine, the last 3 years probably stand alone for the suffering, destruction, and heartaches they have produced.

Yet as we have slowly and painfully reduced our debts by endless bankruptcies, our Nation, the States, and smaller units have been forced to expand credit and increase indebtedness to care for our needy. At the end of 3 years we are now probably as heavily burdened by debts as in 1929, in spite of all our bankruptcies. With the constant shrinking of the price level, furthermore, these debts are daily growing more onerous.

Those mortgagees, bondholders, and money hoarders who do not wish to see the value of their possessions reduced by a change of the monetary unit, and who favor a continuance of deflation by bankruptcy, can expect either a continuance of the experience of the last 3 years for an indefinite period or a social upheaval which at one stroke will wipe out all present values. The experiences of France and Russia show us that human beings will not needlessly endure suffering interminably.

Whatever other remedies may also be needed, a monetary change also is imperative. It is the only way out.

Shall we, under our constitutional power to coin money and regulate the value thereof, increase the value of the gold ounce and thus reduce the amount of gold in a dollar? This will enable us to issue more dollars with the same gold reserve, and enable the debtor to pay his debts with dollars of smaller value. It will enable the owner of commodities to receive more dollars for those commodities and thus facilitate the paying of debts.

This has many obvious advantages which have been ably presented by the so-called "Committee for the Nation." But it has many disadvantages. It would needlessly enhance the value of gold of which the United States and its most desirable future markets produce very little, i.e., the Orient and North and South America. Half of the world's gold production comes from Africa, owned by our European competitors. This step would mean partial repudiation of all our National and State bonds, now payable in gold coin of present weight and fineness. We would then have no complaint against Russia, France, and other nations who hold their word apparently of little value. It would destroy confidence in our bonds and militate against the price of future issues.

At one great jump it would establish us on a fixed, higher price level with the inevitable exploitation of labor during the lag in production. When this level is reached, we would immediately begin another industrial cycle which would reproduce our present situation and in a few years necessitate another inflation of gold, another shaking of confidence, another exploitation of labor. In brief the measure is a palliative, an anodyne, not a remedy.

Shall we let the Bureau of Engraving print us into prosperity? Many nations have done so before. It was always a glorious experience while it lasted. But each new issue in the past has only necessitated a larger one later. Under Gresham's law our sound money would soon disappear either in hiding or by export, and our international trade, after the first boom, would almost vanish. Our paper money would shrink in value as did our greenbacks and continental money; and when the inevitable reckoning comes, when we painfully climb back to specie payment as we must, we will be repaying 100-cent dollars for paper ones which yielded us 30-cent value or less at the time of issue. The mortgagor, bondholder, and hoarder will then receive his compensation with compound usury and the inflationary spree will leave the rest of us with the inevitable headache.

Shall we adopt a monetary system with a varying gold reserve depending on the commodity price index, the so-called "pneumatic, rubber, nonskid dollar"? It sounds all

right in a pamphlet of propaganda. It is endorsed by respectable authority. But would you wish to sign a lease for a period of years not knowing whether your rental was to be paid in dollars worth 50 or 150 cents? Would international transactions be on a healthy basis? In short, would people enter into contracts at all based upon such a dollar as a consideration? It is far more probable that we would enter an era of bartering so many grains of gold for a quantity of service or commodities.

What other course is open? Manifestly we wish to escape both from our present evils and from such types of inflation. To do so we must protect and conserve the gold standard. We must obtain reasonable inflation sufficient to supply our present needs and to produce future relief. An inflation with an inescapable control based not upon the whim of governmental officials and politicians but upon the producible quantity of a rare metal.

When we are tinkering with money let us try as few innovations as possible. Let us use a medium to which practically all the world, civilized and partly civilized for ages past, has been familiar. When we must experiment let us first try those measures which, if they fail, will cause no damage. Let us use a medium which will improve and not cripple our international trade; a medium which will benefit us and our own best markets, not those of our competitors.

Such a proposal is contained in a bill now before this House. It provides for the use of silver as an auxiliary metal in our monetary reserve. On the security of this silver, paper currency is to be issued redeemable by the quantity of silver bullion which the paper currency could purchase on the market at the time of redemption. There is no attempt at a resurrection of the impossible 16 to 1 ratio of redemption. To attempt to fix, by law, a ratio controlled alone by supply and demand is as useless as to control appetite by law or regulate the ratio of the diameter to the circumference of a circle by legislative fiat.

From the discovery of America to the present time the actual production ratio of silver to gold is approximately 13 to 1, but the relative demand for these metals in the arts and trade is a far different matter. Under Alexander Hamilton we established a legal ratio of 15 to 1 and immediately discovered our mistake when France adopted 15½ to 1, and gathered to herself our gold. If we really desire an expanding and contracting monetary system controlled by a bimetallic base, let us let the market price of silver be the elastic medium.

A glance at a graph of price levels since 1900 will clearly show that silver has fluctuated in remarkable unison with all commodity prices. Why not use this normal condition to expand and contract currency to procure a commodity price level controlled by the supply and demand of the commodity affected, not controlled, as now, largely by the supply and demand of the monetary measure? When prices are low silver will be cheap. Under the Fiesinger bill, H.R. 1577, it will then be purchased in large quantities and currency issued. This will relieve the demand on gold, and prices in general along with silver will rise. When such a price level is reached, as fairly to measure the relation between the commodity supply and demand, silver purchases will cease, or silver may even be sold at the enhanced price. Then if a price decline occurs, produced by monetary shortage, silver will be repurchased and normal trade facilities restored.

If this experiment fails, we can suffer no loss, our gold reserves will not be disturbed, our bonds and national credit preserved. Silver is now so low in price that, should we desire to abandon the experiment and sell our supply, the loss will be negligible, if any. We will have no disastrous losses to suffer, such as we experienced in redeeming our Revolutionary currency and our greenbacks. We will have a constant stable quantity of gold back of every dollar, or the gold value in silver. No rubber pneumatic nonskid dollar here.

We can afford to settle our troublesome war debts by accepting silver from our European allies, if necessary, at a price above the market because our use of silver as money

will automatically enhance its price. We will lose nothing and our allies will receive an appreciable reduction in their debt. They cannot pay us in gold. We will not accept their commodities. Through their possessions in Asia they control large quantities of silver. Why not accept this obvious solution of a most puzzling problem?

Our international trade will be immediately stimulated. For centuries silver has been the accepted money in the Orient. No one knows the quantity of the metal hoarded by these people. Yet, with the fall of silver prices, they cannot pay for our cotton, wheat, and manufactured goods. Restore the price of silver and our farm problem, growing largely out of the closing of their market, will be materially improved.

Eighty-five percent of the world's silver is produced in North and South America, our neighbors, friends, and natural market. Why not enhance the value of this commodity and enrich our own customers instead of revaluing gold to the undeserved enrichment of those who for years through the manipulation of gold exchange have exploited us?

But we are told that we should not take this step until we receive the sanction of an international conference. Our experience with international conferences in general is that the only agreements arrived at are either unfavorable to us, or if not, they are promptly repudiated.

We have attempted earnestly in the past to have a world agreement on silver, but those nations who controlled gold, who appreciated the advantage of manipulating exchange, would have nothing to do with silver, which did not yield so readily to manipulation. We have been pushed off with many promises; but when the time for conference arrived, there was no one present. What possible advantage can we gain by waiting for a renewal of these disappointments?

We are told that without such a conference the United States will be flooded with silver. Nothing could be less worthy of fear. In the first place, 70 percent of the world's production of silver is a byproduct of copper, lead, and zinc mining. It is controlled by the quantities of these produced. Also in the whole world there is approximately 7,000,000,000 ounces of silver. If we got it all at present prices, we could issue less than \$3,000,000,000. If the price of silver would rise to its proper place, at about four times its present price, we should have discontinued its purchase long before. There is not a remote possibility of the Orient's releasing even a large portion of its silver when it assumes greater value as a monetary agency.

In short, the whole thing is an experiment backed by the successful experience of mankind for centuries past. Its very trial will have a beneficial effect upon the mental attitude of the people of the world. If it fails, it will entail no loss; if it succeeds, it will enrich us and our friends, not our competitors and exploiters. It will stimulate foreign trade; it will facilitate the liquidation of international debts. It will preserve our word and our credit. It will stabilize gold as money and destroy it as our instrumentality of robbery and oppression.

INVESTIGATION OF MOTION-PICTURE INDUSTRY

Mr. SABATH, from the Committee on Rules, submitted the following privileged report (H.Res. 121, Rept. No. 58), for printing under the rules:

House Resolution 121

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of House Resolution 95, and all points of order against said resolution shall be considered as waived. That after general debate, which shall be confined to the resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Rules, the previous question shall be considered as ordered on the resolution to its adoption or rejection.

PERMISSION TO ADDRESS THE HOUSE

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the gentleman from Iowa [Mr. WEARIN] may address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

Mr. WEARIN. Mr. Speaker, I want to take just a few moments to correct a false inference that has gone forth through a certain magazine in this country concerning the stand of my State of Iowa upon the question of alcohol-blend gasoline.

I notice in a recent copy of the Texaco Star, published during the months of March and April, a statement to the effect that the legislature of my State had gone on record as opposed to a 10-percent blend bill. That statement is true, but the inference gathered from it is false. I want to condemn the oil companies, corporations, and trusts who are in opposition to such relief legislation for the benefit of the American farmer for taking such an attitude and drawing such a conclusion from the action of the Iowa Legislature on that measure.

The reason my legislature opposed the passage of that 10 percent bill was that the members feared the surrounding States would not pass a similar type of legislation. They were, generally speaking, in favor of such form of legislation. I happen to be, through my membership in that body during two sessions, personally acquainted with almost every man and woman in the house and senate, and I know that to be a fact.

I have with me documentary evidence of the fact. I have one of the original enrolled copies of a joint resolution adopted by the house and senate of the State of Iowa asking the Congress of the United States to take some action along the line of legislation that will encourage the use of a 10 percent alcohol blend of gasoline. I have taken just this few minutes of your time to point out that certain trusts, monopolies, and oil interests in this country are endeavoring to mislead the Congress of the United States, through the distribution of this magazine into your offices, concerning the stand which my State has taken upon that legislation, that I personally believe will be of material benefit to the farmers of this country.

I will have more remarks to make upon that subject later. I thank you very much. [Applause.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. PIERCE, at the request of Mr. MARTIN of Oregon, on account of serious illness.

To Mr. FERNANDEZ, for 1 week, on account of important official business.

To Mr. WALTER, at the request of Mr. HAINES, indefinitely, on account of illness in family.

To Mr. KEE, for several days, on account of important business.

PREMIER MACDONALD'S ADDRESS AT PILGRIM DINNER—EXTENSION OF REMARKS

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech made by Prime Minister J. Ramsay MacDonald before the Pilgrim Society in New York City.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLOOM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by Premier J. Ramsay MacDonald before the Pilgrims Society, at New York City, Wednesday, April 26, 1933:

Mr. President, Your Excellency, and gentlemen, I have been introduced to you tonight in words all too warm in their praise, and you have responded with a hearty hospitality which, though very striking, is, I must say, only the ending of a series of welcomes which the warm-hearted American people have shown me since I landed on your shores at the end of last week.

The Pilgrims exist for one purpose and for one purpose only; that is to keep hands stretched across the Atlantic. Ah, my friends, I wonder if even you can estimate to its full value what that means.

May I venture to say this, that at this moment, and, so far as one can speak, for many and many a year to come, no greater

blessing can come upon the nations of this world than that Great Britain and America should remain in affectionate relationships.

Alliances—I do not want them, nor do you. An alliance is a bargain. Of what use is a bargain except for hampering purposes when hearts are beating in harmony, when minds are looking to the same goal, and when the determination of the best is guiding feet toward that goal?

COOPERATION OF FREE NATIONS

That is the cooperation I want—the cooperation of free nations; the cooperation of peoples who can talk candidly to each other; the combination of sums when common respect and common confidence determine a common policy.

Anglo-American relations, I hope, will always be that, because that to you, to us, and to the world at large is going to yield the most precious results.

I would like to take this opportunity on behalf of my daughter and myself to send a parting message of good will to the American folks, the American folks who speak our language, who are inspired by geniuses that both of us can claim as ours—Shakespeare, Milton—a great political philosophy of liberty, independence which you may have asserted against us, and whilst you took it we blessed you for the service you did to us.

Runnymede—what shall I say, Bunker Hill?—shall I think of them as being engraven side by side in the annals of the American people and in the annals of the British people who have remained at home?

What a precious example, lifting us both out of a narrow nationalism and enabling us to breathe the genial and the generous air of free men and free women, inspired by moral ideals which they desire to apply to the solution of the practical problems of life.

OLD AND FIRM FRIEND

When I arrived at the White House I shook hands with a host who happened to be your President, as a guest who happened to be the Prime Minister of Great Britain. When I left this morning I shook hands with a host and a President who, in the brief interval of a long week-end, had come to be regarded by me as an old and firm friend.

Your President hinted at the more personal contact and diplomacy. The world will never be able to do without that now. We were all very stilted and dignified gentlemen who never could regard ourselves as being out of uniform. Does it surpass the seas—personal handshakings—a determination to put difficulties in the middle of a table and to look at them all around in conversation using all the power of personality to help both sides out of the entanglements?

Personal confidence, personal contact of that character, has become absolutely essential if we are to successfully meet the intricate problems that now become the great problems of the world.

Today, how many are the influences of destruction? How many mouths whisper into your ears stories, ideas, suggestions, that make for disruption? You and I, my friends, you, the Pilgrims Society, as one who occupies some little position, have to lay our heads together, have to lay our minds together, have to lay our consciences together, to repeal those influences of disruption and to put into their place influences of cooperation and mutual helpfulness.

NOT TO BE SOLVED IN A DAY

The business that has brought us together on this occasion is a very difficult business. We can talk quite clearly, but it is not going to be solved in a day.

Your President was perfectly right in suggesting to you that this is not one of the ordinary crises that nations go through. I am not at all sure, my friends, but that when you and I are dust and when our grandchildren and our great-grandchildren look back upon these days through which we are living and striving to straighten out, it will not be an old chapter in our mutual histories that will be taken down by them to read of that story. It will be the beginning of an old and a new volume all together. The world's great age begins anew.

Ah, how much you and I hope that those grandchildren and great-grandchildren of ours can add to what the golden years have returned. But whether that may be so or not, there we are—hosts and guests—pledged, I believe, pledged as deeply as honest men can pledge themselves, that by the blessing of God and by our use of our own courage and common sense, our great-grandchildren will be able to add that line about the returning golden age. It is an old problem.

It is as old as the world. It is a problem of how to keep cupboards full. It is the old problem of how human beings with a mind that can think, with a conscience that can pass judgment on what is right and what is wrong, how such high forms of creation may be able to keep peacefully evolving into greater and greater liberty, and higher and higher happiness. If they are thwarted, what can happen?

SOCIETY IS A FAMILY

The human being who is educated, and who has a keen sense of right and wrong, who can feel grievances, and by the very fact that he feels grievances he is differentiated from the brute creation—we must take him as our partner, we must make him feel that society is a family and that the rules of the family hold good there. We must ask him to give his services.

The society of the future is to be no place for loafers. The society of the future is to be no place for men and women who enjoy without giving service. But the society of the future must

provide that men and women who are anxious to give service which will entitle them to an honest and an honorable living—the society of the future must give them the opportunity to do that service. That is the problem we are up against today.

And again, as your President said, it is not a national problem. If I had had time to go out to the West, to have talked, say, to your farmers, your farmers puzzled, with their hearts overcast with gloom because when the harvest ripens and is gathered in it gives them no equivalent; your farmers, facing nature closer than any of us do, find there is no mistake with nature; that the seasons follow each other as God provided; that the corn sprouts; that it gets into ear; that the ear ripens and that the threshing follows; and nevertheless he looks upon a home not happy in prosperity but full of distress.

If I had gone to him, what could I have said to him? I could have said, "My friend, come to Lancashire with me, come to Yorkshire with me where the miners are, and every problem that you have is precisely the same as the problem that we are facing there."

America, one of the things that your President and I mused over in those hours after the old day had gone and the new day had already been born—one of the things that we mused most over was that your problems are our problems. So far as that is concerned, there might have been no Atlantic at all, and no American Revolution, in that we are a family, whether you like it or not.

It is therefore an international problem. It is not an accident. What has been happening to give you problems of enormous unemployment has been happening with us, has been happening with France, has been happening with Germany, and so on. And what has brought me to America at the present moment is to discuss with the President as to how American experience, American brains and intelligence, and American business capacity could join with ours and try to make our people happier, better, and put more sunshine and happiness and peace into their lives.

We want to turn our backs upon the past. We have had our wars, we have had our waste, we have had our escapades. I hope your children will be generous in their judgments upon us.

Turn our backs upon them. Let us look to the future, and when we meet in this international economic conference, which I hope will be very soon then, my friends, we don't sit at opposite sides of a table.

I want you to sit at the same side of the table with us and others, other enlightened nations, other nations that do appreciate their duty to the individual, and with courage and yet with reason and common sense, but with courage, face those problems and produce constructive proposals for overcoming them.

THINGS HAVE DETERIORATED

There is another great question. I was here before and I talked to you about it. It is not solved yet. The mills of the gods grind slowly. One of the burdens, I think, that has been put upon our backs is to have a patience, steadiness, and a loyalty to the good that will enable us not to get impatient when the mills of the gods do grind slowly.

We also talked about disarmament.

Well, things have deteriorated a little, I think, since I was here 4 years ago—not because of what you have done and not because of what we have done.

What I say to you now is this: Keep the faith—keep the faith—we shall win, you and we. Those declarations we made, those professions that we made, those aims that we put before us to secure peace on this earth and an abiding good will to all men—they will win. And there is no reason why we should not see that victory during our own lifetime.

I do not know who invented the expression "A war to end war." I would like to speak very plainly, even if you will accuse me of being rude. But whoever invented that was a fool.

The one certain thing about war is that it makes another one equally certain. In all peace treaties that are imposed upon the vanquished there is a secret clause. Statesmen may say there is not. There is, although the statesmen have never seen it.

The secret clause is the date of the next war. That is inevitable unless the nations of broad, generous minds—deep, penetrating minds that see the tooth lying glittering away below the surface—use the opportunity of a militarist peace to create a spiritual peace. And that is what we are engaged in trying to do at the present moment.

My friends, the thought of all these things is good. It is good to us all that we should take counsel together. Even if it brought us no benefit except this: That friendship, the most precious thing between individuals, is also the most precious thing between nations. It broadens, it lightens. It deepens the happiness of life. To feel secure sitting under your own fig trees—none daring to make you afraid—isn't that the foundation of real life, of worship, and of all the wonderful things that we have inherited by the simple reason of our birth and our appearance of this earth?

TIES OF FRIENDSHIP VERSUS ALLIANCES

But it is more than that. It is a very good thing, as I have hinted, for all the other nations of the earth that we, too, not in the alliances—I repeat it—not bound together by documents that are written and sealed and filed at the League of Nations, or kept in secret in our Foreign Offices. Not that sort of thing. That belongs to the past, which has always failed to carry out the spirit of those documents.

Let's put documents on one side. Let us put signatures on one side. Let us substitute for them the less tangible but the more

real friendship based upon a complete understanding of each other, a friendship which will allow a quarrel, a friendship which will allow a difference of opinion, a friendship which will not be broken if we were to vote against each other in the League of Nations, a friendship that suffers long and is kind because it is based upon a complete understanding which enables us to do just like individuals do—look into each other's eyes, express sentiments hard and honest and cruel as any Scotsman can—and immediately afterward show by a merry twinkle in the eye and a smile that almost twinkles at the edges of one's mouth that the moment of wrath has passed and that the sun is shining upon our relationships again. That is my idea of an Anglo-American friendship and cooperation.

My friends, I am awfully sorry to leave you, but it reminds me of a story. I think I will venture it.

There was a fellow countryman of mine who, like so many of my fellow clansmen, was about to pass under the uncongenial hands of the public executioner. And Dougall spent the last night in jail playing cards with his jailers.

When the morning came, Dougall was still laying down his cards. The knock came on the door, and Dougall was informed that the time had come. And Dougall said, "Go away. Let me finish my game." Dougall was told it was impossible, and Dougall, rising up like a gentleman, apologized to his partners in the card game that he was not able to finish the game, and the words he used were—"Time awaits me."

I say to you, "The ship awaits me."

My operation is not so tragic as the operation that my fellow countryman was about to undergo, but I am inclined almost to use his language, which expresses my great regret that I have to leave you whilst the night is still young. It is only just 10, but I have to turn my back upon you, and when I awaken tomorrow morning I shall be far out at sea.

But, my friends, do believe me when I say this—when I give you assurance of this—I may be able to come back, or I may not. Who can read what is written upon those scrolls kept in the dark? But should I come back or should I not—and I speak for my daughter as well—we shall never forget the quiet, the genial, the so touchingly eloquent welcome that we got in the White House from your President and right along the way down to the pleasant, smiling-faced girl who stood on the pavement to wave us a god-speed as we went past—that, finished up by this very distinguished company, this very representative company, this company which is determined to give us a good send-off and show us how generous, how good, and how helpful is the heart of the American people. Thank you very much.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 25 minutes p.m.) the House, pursuant to its order, adjourned until Monday, May 1, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

29. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting draft of a bill to authorize credit in the accounts of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department, was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SABATH: Committee on Rules. House Resolution 121. Resolution providing for the consideration of House Resolution 95; without amendment (Rept. No. 58). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 2890) granting an increase of pension to Mary A. Ashton; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 5314) granting an increase of pension to Clarene E. Orr; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GRANFIELD: A bill (H.R. 5326) to authorize the erection of an addition to the existing Veterans' Administration hospital plant no. 95, at Northampton, Mass., and to authorize the appropriation therefor; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 5327) to sell the present post-office site and building at Springfield, Mass.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 5328) providing that 100 percent of the annual gross receipts, including money-order fees, be credited for the annual classification of post offices; to the Committee on the Post Office and Post Roads.

By Mr. SNELL: A bill (H.R. 5329) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.; to the Committee on Interstate and Foreign Commerce.

By Mr. IGLESIAS: A bill (H.R. 5330) to amend the act of March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes"; to the Committee on Insular Affairs.

By Mr. LLOYD: A bill (H.R. 5331) to provide a separate promotion list for the Judge Advocate General's Department of the Army, and for other purposes; to the Committee on Military Affairs.

By Mr. CANNON of Wisconsin: A bill (H.R. 5332) to establish minimum-wage requirements for workers employed in the production or manufacture of articles shipped, transported, or delivered in interstate or foreign commerce; to the Committee on Labor.

By Mr. DIRKSEN: A bill (H.R. 5333) to provide for the construction of a post-office building and courthouse at Peoria, Ill.; to the Committee on Public Buildings and Grounds.

By Mr. MOREHEAD: A bill (H.R. 5334) to amend the third clause of section 14 of the act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226); to the Committee on the Post Office and Post Roads.

By Mr. WITHROW: Joint Resolution (H.J.Res. 166) directing the Federal Trade Commission to investigate and report to the Senate and to the House of Representatives the cause or causes for the high prices of agricultural implements and machinery; to the Committee on Interstate and Foreign Commerce.

By Mr. BURKE of California: Joint resolution (H.J.Res. 167) awarding Distinguished Service Medals to Tony Siminoff, Oliver F. Rominger, and Robert E. Beck, veterans of the Philippine insurrection; to the Committee on Military Affairs.

By Mr. CELLER (by request): Joint resolution (H.J.Res. 168) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities and under conditions which produce unfair competition and restraints of trade and are injurious to the general welfare, and to regulate interstate transportation, and for other purposes; to the Committee on Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLGOOD: A bill (H.R. 5335) granting a pension to Andrew J. Watts; to the Committee on Pensions.

By Mr. BROWN of Michigan: A bill (H.R. 5336) for the relief of Bridget Patton; to the Committee on Claims.

By Mr. BRUNNER: A bill (H.R. 5337) for the relief of Michael Bello; to the Committee on Claims.

Also, a bill (H.R. 5338) granting insurance payments to Hugh H. Newell; to the Committee on Claims.

By Mr. CARPENTER of Nebraska: A bill (H.R. 5339) for the relief of Era A. Ryan; to the Committee on Claims.

By Mr. DOCKWEILER: A bill (H.R. 5340) for the relief of Jacob Kaufman; to the Committee on Military Affairs.

Also, a bill (H.R. 5341) for the relief of Harrison Brainard, alias Harry White; to the Committee on Military Affairs.

Also, a bill (H.R. 5342) granting a pension to Julia C. Messamore; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5343) granting a pension to Dell V. Trisler; to the Committee on Invalid Pensions.

By Mr. GRANFIELD: A bill (H.R. 5344) granting a franking privilege to Grace G. Coolidge; to the Committee on the Post Office and Post Roads.

Also, a bill (H.R. 5345) for the relief of George A. G. Dearborn; to the Committee on Naval Affairs.

Also, a bill (H.R. 5346) for the relief of John E. Springer; to the Committee on the Civil Service.

Also, a bill (H.R. 5347) for the relief of Myles McDonagh; to the Committee on Military Affairs.

Also, a bill (H.R. 5348) granting a pension to Mary R. Currier; to the Committee on Pensions.

Also, a bill (H.R. 5349) for the relief of Clara Easter; to the Committee on Claims.

Also, a bill (H.R. 5350) authorizing the President of the United States to appoint Thomas Lougharan to the position and rank of first-class sergeant in the Army of the United States and immediately retire him with the rank and pay of a first-class sergeant; to the Committee on Military Affairs.

Also, a bill (H.R. 5351) for the relief of Robert Francis Connell; to the Committee on Naval Affairs.

Also, a bill (H.R. 5352) granting a pension to Angele Dragon; to the Committee on Pensions.

Also, a bill (H.R. 5353) authorizing the President to order Charles Southgate, Jr., before a retiring board for a hearing of his case, and upon the findings of such board to determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his discharge; to the Committee on Military Affairs.

By Mr. HART: A bill (H.R. 5354) for the relief of the estate of George H. Mertz, deceased, of Saginaw, Mich.; to the Committee on Claims.

By Mr. KNUTSON: A bill (H.R. 5355) for the relief of Lillie Krogh; to the Committee on Claims.

By Mr. LLOYD: A bill (H.R. 5356) authorizing the Secretary of the Navy, in his discretion, to loan to the city of Olympia, State of Washington, a bronze tablet on the U. S. cruiser *Olympia*; to the Committee on Naval Affairs.

By Mr. McREYNOLDS: A bill (H.R. 5357) for the relief of Alice M. A. Damm; to the Committee on Claims.

By Mr. PEYSER: A bill (H.R. 5358) for the relief of the Sultzbach Clothing Co.; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 5359) granting a pension to Fannie Drain; to the Committee on Pensions.

Also, a bill (H.R. 5360) granting a pension to Annie Hankal; to the Committee on Pensions.

Also, a bill (H.R. 5361) granting a pension to Charlie Jones; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

775. By Mr. ANDREWS of New York: Resolution of Board of Supervisors of Erie County, N.Y., favoring passage of bill to aid small-home owners; to the Committee on Banking and Currency.

776. Also, petition of judges and police executives of Erie County, N.Y., favoring passage of House bill 8378; to the Committee on the Judiciary.

777. Also, resolution of Niagara County (N.Y.) Committee of the American Legion, vigorously opposing any movement favoring recognition of Soviet Russia; to the Committee on Foreign Affairs.

778. Also, resolution of Niagara County (N.Y.) committee of the American Legion, protesting any cut of Regular Army personnel or elimination of National Guard or citizens' military training camps; to the Committee on Military Affairs.

779. Also, resolution of Niagara County (N.Y.) committee of the American Legion, favoring repromulgation of Execu-

tive order of March 2, 1929, with reference to civil-service status of veterans; to the Committee on the Civil Service.

780. Also, resolution of Niagara County (N.Y.) committee of the American Legion, protesting against discontinuance of Veterans' Administration office at Buffalo, N.Y.; to the Committee on World War Veterans' Legislation.

781. By Mr. BAKEWELL: Petition of sundry citizens of the State of Connecticut, protesting against the passage of the plan for involuntary severance from the Federal service of all employees of 30 years of service; to the Committee on Ways and Means.

782. By Mr. BEITER: Petition of Veterans' Association of the Seventy-fourth Infantry, New York National Guard, Buffalo, N.Y., urging appropriation for attendance of the National Guard in armory drills and summer camp; to the Committee on Military Affairs.

783. Also, petition of George F. Lamm Post, No. 622, Auxiliary, the American Legion, Williamsville, N.Y., protesting against the recognition of communistic Russia; to the Committee on Foreign Affairs.

784. By Mr. CRAVENS: Petition of Fayetteville Chamber of Commerce, Fayetteville, and Frank H. Fredeman, president Federation of Federal Employees, Little Rock, Ark., protesting against the proposed \$34,000,000 additional cut in Veterans' Administration appropriations; to the Committee on Appropriations.

785. Also, petition of C. A. Lick, president Weldon, Williams & Lick, Fort Smith, Ark., protesting against passage of Black bill, S. 158; to the Committee on Labor.

786. Also, petition of Local Union No. 2110, United Mine Workers of America, endorsing Black bill, S. 158; to the Committee on Labor.

787. By Mr. GOODWIN: Petition of Leon S. Miroff, Sol. Glazer, S. Friedman, Samuel Zinnar, Daniel Harris, and some 263 other residents of Sullivan County, N.Y., urging me to raise my voice in Congress in protest against the barbarities visited by the Hitler regime upon the Jews in Germany; to the Committee on Foreign Affairs.

788. By Mr. JAMES: Resolution of the City Commission of the City of Ironwood, Mich., heartily endorsing House bill 4801 to release the States, Territories, municipalities, and political subdivisions from the obligation to repay relief funds received under title I of the Emergency Relief and Construction Act of 1932, and for other purposes; to the Committee on Banking and Currency.

789. By Mr. JOHNSON of Minnesota: Resolutions from the Central Labor Political Committee of Duluth, Minn., memorializing Congress to issue money and establish the value thereof; to the Committee on Banking and Currency.

790. Also, resolution from Farmers Educational and Co-operative Union of America, supporting relief for the farmers; to the Committee on Agriculture.

791. Also, resolutions commending the Swank-Thomas and Wheeler silver bills; to the Committee on Agriculture.

792. Also, petition of farmers and citizens of Ghent, Minn., requesting the use of petroleum products to be blended with ethyl alcohol; to the Committee on Ways and Means.

793. Also, resolution from Post No. 228 of Waseca, Minn., urging economy in the mail lines; to the Committee on the Post Office and Post Roads.

794. By Mr. KENNEY: Petition of American Legion, Department of New Jersey, that the time is ripe when the building of our Navy to treaty strength will greatly strengthen our efforts to forward the cause of peace in every council of the Nation in which we take part; to the Committee on Naval Affairs.

795. Also, petition of the American Legion, Department of New Jersey, by the executive committee, this 22d day of April 1933, that the New Jersey Senators and Congressmen be urged to use every possible effort to have the Lakehurst Naval Air Station retained as a lighter-than-air base, and that the former *Los Angeles* be recommissioned and used as a training ship for enlarging the personnel for this branch of our defensive forces; to the Committee on Naval Affairs.

796. Also, petition of the American Legion, Department of New Jersey, opposing any reduction in the present per-

sonnel of our armed forces and any curtailment in the operation of our armed forces, as the American Legion feels that our armed forces even now are not adequate; and that the American Legion of New Jersey use every effort to oppose any further cut in the personnel of our armed forces or in the operation of said armed forces, and to oppose strenuously the elimination or curtailment of the citizens' military training camps and Reserve Officers' Training Corps; to the Committee on Military Affairs.

797. Also, petition of the Elizabeth Parcells Devoe Chapter, Daughters of the American Revolution, Leonia, N.J., sending to the White House their urgent prayer to build up, rather than further reduce, the existing defense forces of training and equipment for the safety of our Nation, its people, and the Government itself; to the Committee on Appropriations.

798. By Mr. LESINSKI: Petition of banking commissioners and banking associations' officials and representatives of 14 States, urging fair and sound banking legislation for the purpose of strengthening banking in general; to the Committee on Banking and Currency.

799. Also, petition of the Legislature of the State of Michigan, urging Federal insurance of bank deposits in National and State banks; to the Committee on Banking and Currency.

800. By Mr. LEWIS of Colorado: Resolution of the Twentieth General Assembly of the State of Colorado, requesting that the Congress of the United States make the appropriations for the mineral-leasing division of the Geological Survey sufficient to enable the division to function efficiently for the protection of the oil, gas, coal, and nonmetallic mineral resources of the Western States; to the Committee on the Public Lands.

801. By Mr. LUDLOW: Petition of residents of Indianapolis, Ind., opposing compulsory 30-year retirement from the Government service; to the Committee on the Civil Service.

802. By Mr. McFARLANE: Petition of Pat Carrigan Post, No. 120, American Legion, Wichita Falls, Tex., urging the Congress of the United States to enact into law at once the Patman bill for immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

803. By Mr. RUDD: Petition of Brooklyn Real Estate Board, Brooklyn, N.Y., favoring the passage of the home-mortgage refinancing legislation, with an amendment of \$20,000, be made on homes; to the Committee on Appropriations.

804. Also, petition of Edward Quittner, New Rochelle, N.Y., favoring the Sirovich resolution, for an investigation of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

805. By Mr. SUTPHIN: Petition adopted by the American Legion, Department of New Jersey, praying for the continuance of the naval air station at Lakehurst, N. J.; to the Committee on Naval Affairs.

806. Also, petition adopted by the American Legion, Department of New Jersey, advocating building of our Navy to treaty strength for the purpose of forwarding the cause of peace; to the Committee on Naval Affairs.

807. Also, petition adopted by the American Legion, Department of New Jersey, urging the maintenance of a strong national defense; to the Committee on Military Affairs.

808. Also, petition adopted by the New Jersey State Association of Postal Supervisors, protesting against an amendment to the Retirement Act, attached as a rider to the independent offices appropriation bill, demanding compulsory retirement of certain employees; to the Committee on Appropriations.

SENATE

MONDAY, MAY 1, 1933

The Chaplain, Rev. Z. Barney T. Phillips, D.D., offered the following prayer:

In the midst of the beauty of this, another day, give us thankful hearts, O loving Heavenly Father, that as we hold within our grasp the reins of many complicated tasks we may bring to our work a deepened interest, vibrant with

the very joy of life. Upon our Nation, our President, Vice President, the Members of Congress, and all who share in the responsibility of government, bestow Thy blessing, and to those among us so recently overborne with sorrow vouchsafe the abundance of Thy peace and holy comfort.

Grant to each one of us here that, seeing the spirits of the moments yet unborn, we may stand sponsor for each moment as it comes, holding it in reverent hands for baptism at the sacred font of God. We ask it all in the name and for the sake of Him who, in redeeming the time of life's little day, revealed to us the glory of Thy eternal morning, Jesus Christ our Lord. Amen.

MESSAGE FROM THE HOUSE OF REPRESENTATIVES

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (S.J.Res. 13) authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered, and it was signed by the Vice President.

THE JOURNAL

The VICE PRESIDENT. The clerk will read the Journal. The Chief Clerk proceeded to read the Journal of the proceedings of the calendar day of Friday, April 28, when, on motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Keyes	Reynolds
Ashurst	Copeland	King	Robinson, Ark.
Austin	Costigan	La Follette	Robinson, Ind.
Bachman	Couzens	Logan	Russell
Bankhead	Cutting	Loung	Sheppard
Barbour	Dickinson	McAdoo	Shipstead
Barkley	Dill	McCarran	Smith
Black	Duffy	McGill	Steiger
Bone	Erickson	McKellar	Stephens
Borah	Fess	McNary	Thomas, Okla.
Bratton	Fletcher	Metcalf	Thomas, Utah
Brown	Frazier	Murphy	Townsend
Bulkeley	Glass	Neely	Trammell
Bulow	Goldsborough	Norbeck	Tydings
Byrd	Gore	Norris	Vandenberg
Byrnes	Hale	Nye	Van Nuys
Capper	Harrison	Overton	Wagner
Caraway	Hayden	Patterson	Walcott
Carey	Johnson	Pittman	Walsh
Clark	Kean	Pope	Wheeler
Connally	Kendrick	Reed	White

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Illinois [Mr. LEWIS] is necessarily detained from the Senate. I wish this announcement to stand for the day.

Mr. REED. I wish again to announce the absence of my colleague [Mr. DAVIS] on account of illness.

Mr. KENDRICK. I desire to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Illinois [Mr. DIETERICH], and the Senator from Georgia [Mr. GEORGE] are necessarily detained from the Senate.